**Financial
Ratio
Study**

Management Guide To The PIA Ratio Study

PIA

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Annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

MANAGEMENT GUIDE TO THE PIA RATIO STUDIES

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PRINTING INDUSTRIES OF AMERICA, INC.

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New York and Philadelphia (Bala Cynwyd)

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H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

The annual PIA Financial Ratio Study is the most comprehensive survey available on the financial health of the graphic arts industry. To help you use the study effectively, it is our pleasure to present to you this management guide.

The guide is divided into three sections. General information about the ratios is included in the first section. The second section includes step-by-step procedures to analyze the financial statements and important relationships inherent to the study and to prepare an analysis of your own financial statements. Meaningful financial topics relative to the graphic arts field supplement the guide and comprise the third section.

We believe strongly in the importance of sharing this type of information among members of the graphic arts commmunity and are proud to have played a role in compiling the PIA Financial Ratio Study.

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Each year Printing Industries of America, Inc. collects and publishes detailed financial ratio information for members of the graphic arts community. The data presented provides a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers—Heatset
- Web Offset Printers—Non-Heatset
- Combination Offset—Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset—Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Numbers

SECTION 1 - BACKGROUND ON THE RATIO STUDIES

THE PIA RATIOS - STANDARDS OF COMPARATIVE ANALYSIS FOR THE PRINTING INDUSTRY........ 6- 8

PIA MANAGEMENT GUIDE: EFFECTIVE USE OF RATIO STUDIES........ 9-20

SECTION 2 - ANALYSIS OF THE RATIOS

VALUE ADDED - WHY IT'S IMPORTANT........ 22-27

HOW WELL AM I DOING? - ANALYZING YOUR REPORT ON OPERATIONS........ 28-38

THE BALANCE SHEET - HOW WE STAND........ 39-49

INTERRELATED RATIOS OF THE BALANCE SHEET........ 50-53

MEANING OF SIGNIFICANT FACTS........ 54-57

RETURN ON INVESTMENT........ 58-64

SECTION 3 - MEANINGFUL TOPICS RELATIVE TO THE GRAPHIC ARTS INDUSTRY

A BREAK-EVEN ANGLE TO COST/VOLUME/PROFIT........ 65-69

THE INVENTORY DECISION - LIFO VS. FIFO........ 70-73

STRATEGIES FOR BETTER COSTING AND PRICING........ 74-75

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SECTION 1 - BACKGROUND ON THE RATIO STUDIES

THE PIA RATIO STUDIES - STANDARDS OF COMPARATIVE ANALYSIS FOR THE PRINTING INDUSTRY

The PIA Ratio Studies enable printing managers, using these standards of comparative financial analysis, to determine their company's position in the printing industry. Using the information from the ratios, printing managers can decide which of their company's policies to maintain, which to eliminate and which to improve in order to increase profits.

The Ratio Studies are organized into 13 individual studies, each in its own booklet. The 13 booklets are:

- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers - Heatset
- Web Offset Printers - Non-Heatset
- Combination Offset - Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

Each booklet allows printing managers to compare their company's financial operations with the financial operations of other companies, including the industry's Profit Leaders, with similar manufacturing specialties, sales volume and geographical area. A company's strengths and weaknesses can be identified by the information contained in the Ratio Studies. They also help answer questions such as:

Are my expenses too high in relation to sales?
Is there too little or too much inventory in stock?
Am I producing enough value added sales?
Can we meet our debts as they mature?
Are our customers' receivables being collected promptly?
Should we increase our selling prices?
How can we increase our profits?

The value of the Ratio Studies to printing companies depends largely on how effectively they are used. The purpose of this management guide is to help printing managers make the fullest use of the Ratio Studies in analyzing and interpreting relevant financial information.

This guide is made up of three sections.

Section 1 introduces the ratios and discusses the three basic steps in using them — set-up, comparison, and analysis.

Section 2 expands upon the analysis and explains the relationship of the ratios to critical concepts in the financial management of printing companies.

Section 3 addresses several topics of current, more general, concern to the printing industry.

I. STATISTICAL INFORMATION -- HOW THE NUMBERS ARE FIGURED

The PIA Ratio Studies are computed using a method that avoids a distortion of the data by companies with very large or very small dollar amounts in any particular category. This distortion is known as "self-weighting" and unless precautions are taken, is rather common when dealing with statistics with extreme highs and lows.

Our method is a valid statistical approach that establishes a ratio or percentage between the sales of a company and each of its cost categories. The percentages are added and an average is computed. This average gives us an excellent basis for comparison.

The following example shows how this method eliminates the problem of possible distortion by very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

II. WHO ARE "ALL FIRMS?"

In the PIA Ratio Studies the term "All Firms" has two distinct meanings. It is used to designate all the printing firms participating in the Ratio Studies, and at other times it refers to all participating firms in a particular sales category. When the term "All Firms" is used, the context in which it is used will make the meaning clear.

III. PROFIT LEADERS -- AND 8%

The term "Profit Leaders" describes those firms whose before-tax profit on sales is 8% or higher. The 8% profit standard is traditional in the printing industry. Just why 8% marks the dividing point between high profit and low profit is unclear, except that it has proven satisfactory. Each year about 20% of participating firms reach the "Profit Leader" status. Historically, the average pre-tax profits of all Profit Leaders has been 12%, with the range of profits extending from 8% to 16%.

	1982	1983	1984	1985	1986
Percentage of All Firms that are Profit Leaders	25.20%	18.20%	20.40%	20.10%	16.49%
Profit Leaders' Income before Taxes	12.15%	12.08%	11.90%	11.79%	11.94%

IV. WHY NOT USE "RETURN ON INVESTMENT" AS A PROFIT MEASURE?

Return on Investment (ROI) is one of the most comprehensive measures of profitability. Many printers have urged that it be used as the criterion for Profit Leaders. The PIA Ratio Studies confirm that those printing firms earning more than 8% or greater pre-tax profits also show a healthy ROI, averaging 16% in recent years. (For a more detailed study of ROI, see Section 2, pages 58-64.)

However, most of the printing industry relates profit to sales instead of to investment, and our data show that Profit Leaders also have good ROIs. There doesn't seem to be any overwhelming reason to change our measure of profitability at this time, but printing managers should pay close attention to ROI. It is an important measurement standard for management.

The objective of the printing manager in using financial comparative analysis, such as is presented in the PIA Ratio Studies, is to obtain accurate, relevant information about the printing industry. He then can make good, reasoned economic decisions for his business, and increase his printing company's profits. Generally, a printing manager wants to know.....

Are my expenses too high in relation to my sales?
Do I have too little or too much inventory in stock?
Am I producing enough Value-Added sales?
Can we meet our debts as they mature?
Should we increase our selling prices?

And most important.....

How Can We Increase Our Profits?

The PIA Ratio Studies have helped answer these and other questions, but only when used effectively. How to use the Ratio Studies effectively is the subject of this management guide.

PURPOSE

Since their inception, the PIA Ratio Studies have proven that graphic arts industry firms can attain profits. Despite wide ranges of sales and many different areas of service or specialty, many firms have earned a handsome profit. While on the other hand, firms with the same level of sales and the same specialties, have not been profitable. The purpose of the Ratio Studies is to guide you and your company to higher profits, regardless of your size or specialty. The key is knowing how to use these studies effectively.

There are three basic steps in using the Ratios:

1. Set-up

2. Comparison

3. Analysis

Each of these steps is discussed below.

I. SETTING UP A CHART OF ACCOUNTS

A chart of accounts is your framework for collecting and recording financial data. If your chart of accounts is well designed, you can easily extract all the information necessary to compare your firm's performance with that of the industry's Profit Leaders.

There are other purposes, as well, for your chart of accounts. For example, a well designed, detailed chart of accounts can help you compute more accurate hourly cost rates. Valuable information for managing your budgeting and forecasting will be at your fingertips.

But charts of accounts are not like shirts or suits that can be purchased off the racks and fit with only a little adjusting. If your chart of accounts is not designed for a printing firm, and specifically your printing firm, it won't be particularly useful. The more "tailor-made" your chart of accounts is -- designed for your firm and your needs -- the more value it will provide.

A chart of accounts should segregate factory, selling and administrative expenses. It also should break down each major classification into more detailed parts. For example, Materials Costs would be divided into paper, ink, film, plates, other chargeable materials, and outside services. Outside services would be broken down further into art, composition, offset preparation, printing, bindery and other.

These are not the only classifications, nor are all the classifications appropriate to your printing firm. For example, if your plant has an in-house bindery and another firm sends out its bindery work, the respective charts of account would reflect this operating difference. However, the general format presented here for organizing a chart of accounts should be followed as closely as possible.

EXAMPLE 1 - HOW TO CHART ACCOUNTS

MATERIAL COSTS		
Paper		$ XXX
Ink		XXX
Film		XXX
Plates		XXX
Other Chargeable Materials		XXX
Outside Services		
Art	$ XXX	
Composition	XXX	
Offset Preparation	XXX	
Printing Services	XXX	
Bindery	XXX	
Other	XXX	XXX
TOTAL MATERIAL COSTS		$ XXX

IDENTIFY FUNCTIONS, DEPARTMENTS AND COST CENTERS

A useful chart of accounts is patterned after your company's organizational structure. Start by identifying your company's major operations, departments and cost centers. It also might be helpful to make a flow chart of how jobs are processed through your present system. This preliminary planning avoids the problems found in Example 2 where the company's accounts are not based on its organizational structure. In this example of how not to chart accounts, the only relevant information is the profit figure. This firm's management has no other data to identify problem areas or to evaluate the company's operations.

EXAMPLE 2 - HOW NOT TO CHART ACCOUNTS

SALES		$5,420,000
EXPENSES		
Wages	$1,788,600	
Materials	1,242,800	
Other materials	732,200	
Factory Expense and Maintenance	277,900	
Utilities, Electric	21,300	
Delivery	59,000	
Travel	48,200	
Advertising	26,100	
Telephone	26,600	
Insurance	30,900	
Office Expense	139,800	
Bad Debts	21,700	
Heat	38,300	
Employee Benefits	142,500	
Miscellaneous Expense	72,600	
Commissions	149,000	
Sales Discounts	39,400	
Depreciation	166,400	
Rent	124,200	
Taxes	153,900	5,301,400
		118,600
OTHER INCOME		
Discounts Taken	92,300	
Other Income	45,500	137,800
INCOME BEFORE INCOME TAXES		$ 256,400

Every company's financial system should be controlled through a chart of accounts. Each account should be broken down into detailed headings so that as much information as is necessary or relevant can be recorded. In broad terms, charts of accounts have similar formats, listing assets owned (cash, etc.), debts owed, income received (sales), and expenses. Specific accounts, however, are determined by the specific business or industry that the company is in.

For the printing industry, the PIA Standard Classification of Accounts is an excellent guide for shaping a chart of accounts to your particular firm. A well-designed chart of accounts for the printing industry will separate material costs into those accounts that apply to the industry and your firm. (See Example 1 - How to Chart Accounts). Note that in this example, "Outside Services" is divided into even greater detail. Using this detailed system, you will be able to identify (and correct) problem areas quickly. Without it, problem areas will remain hidden like a crack in an underground water pipe.

SUMMARY

1. Your chart of accounts should be based on your organizational structure.
2. Identify major functions, departments and cost centers.
3. How complex your chart of accounts is depends on the size of your company, the products and processes involved.
4. Try to make a flow chart of how jobs are processed through your system.
5. Diagram your functions and/or departments. (See Example 3)

IDENTIFY INCOME AND EXPENSES

Next, list in detail each type of income and each type of expense incurred. Using medium-sized printing firms as an example, the organizational structure in Example 3 shows it has administrative, selling, and factory departments. The factory department is further divided into cost centers for pre-press, press, bindery, and shipping. The pre-press cost center is broken down further into art, composition, and camera cost centers.

LIST ACCOUNT CLASSIFICATIONS

Listing your account classifications is the next step in developing your chart of accounts. These classifications should conform to those in the PIA Ratio Studies (PIA Standard Classification of Accounts) and should be arranged in a similar format. Keep in mind that detail is essential.

SAMPLE CLASSIFICATIONS IN A PRINTING COMPANY'S CHART OF ACCOUNTS

Current Assets

- Cash in bank
- Cash on hand
- Accounts receivable
- Allowance for doubtful accounts
- Other receivables
- Inventory
    - Work in progress
    - Paper
    - Other chargeable materials and departmental supplies
- Prepaid expenses
    - Insurance
    - Interest
    - Officers' life insurance
    - Taxes and other
- Loans and exchanges

Current Liabilities

- Notes payable
- Accounts payable
- Employees' federal withholding tax
- Employees' and accrued FICA
- Employees' local tax withheld
- Employees' state tax withheld
- Accrued state unemployment tax
- Accrued federal unemployment tax
- Sales tax collected
- Estimated state and federal income taxes payable
- Accrued
    - Business taxes
    - Interest
    - Payroll
    - Vacation payroll
    - Other

Shareholders' Equity

- Common Stock
- Preferred Stock
- Paid-in surplus
- Retained earnings
- Dividends paid
- Treasury stock

Income

- Sales
- Sales returns and allowances
- Sales discounts

Cost of Printing Produced

- Materials
    - Purchases
        - Paper
        - Ink
        - Film
        - Plates
        - Other materials
    - Outside services
        - Art
        - Composition
        - Offset preparation
        - Printing services
        - Bindery
        - Other
    - Purchase Discounts

SAMPLE CLASSIFICATIONS IN A PRINTING COMPANY'S CHART OF ACCOUNTS
(Continued)

- Factory labor
  - Direct labor
  - Indirect labor
  - Supervision
  - Employees' benefits - factory
  - Payroll taxes - factory
- Factory expenses
  - Factory depreciation
  - Factory supplies and expenses
  - Heat, light and power
  - Postage and freight
  - Real estate taxes
  - Rent
  - Repairs and Maintenance
    - Buildings
    - Equipment
  - Vehicle expense

Administrative Expense

- Accounting and legal
- Bad debts
- Collection expenses
- Computer services
- Contributions
- Depreciation - administrative
- Dues and subscriptions
- Employees' benefits - administrative
- Office salaries
- Office supplies and expenses
- Officers' life insurance
- Officers' salaries
- Payroll taxes - administrative
- Postage
- Taxes - business
- Telephone

Selling Expenses

- Advertising
- Auto expenses - selling
- Depreciation - selling
- Employees' benefits - selling
- Gifts and flowers
- Payroll taxes - selling
- Sales office expenses
- Sales salaries and commissions
- Sales and travel expenses

Interest Expense

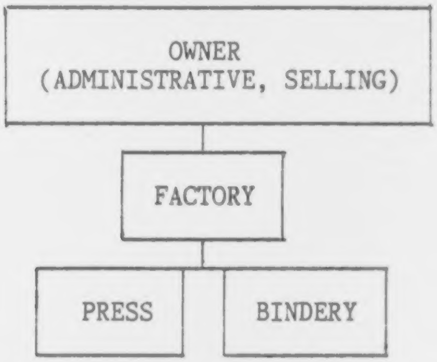
(Interest expense is the only account in this category, but it is, nevertheless, an essential account.)

Other Income - Expense

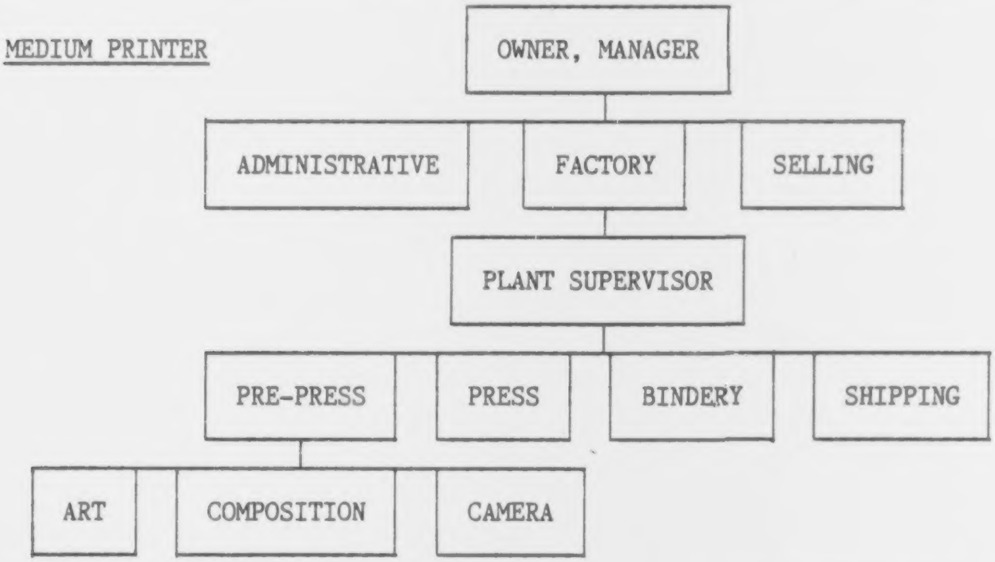
- Interest Income
- Gain or loss on sale of fixed assets
- Other income
- Other expense
- Provision for state and federal income taxes

EXAMPLE 3 - ORGANIZATIONAL CHARTS

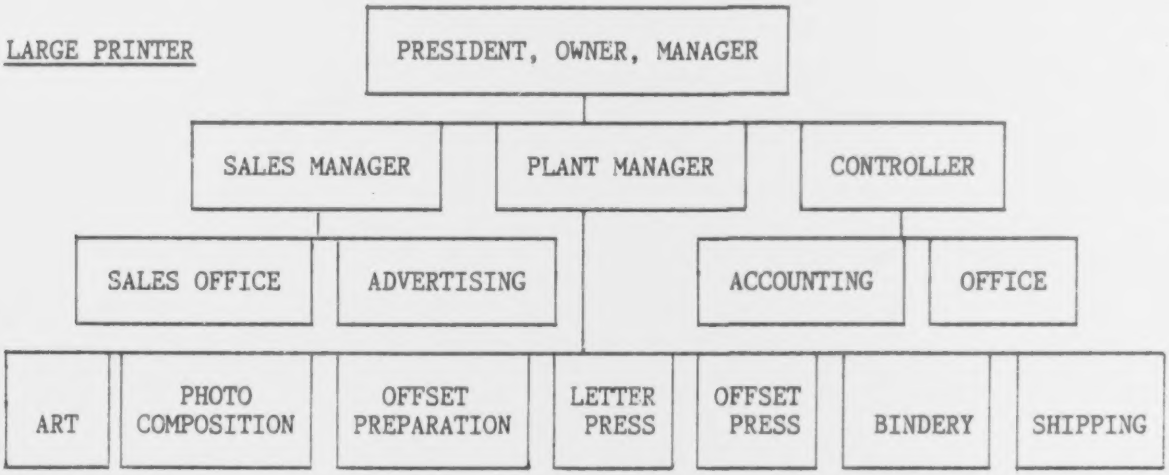
SMALL PRINTER


OWNER
(ADMINISTRATIVE, SELLING)
FACTORY
PRESS
BINDERY

MEDIUM PRINTER


OWNER, MANAGER
ADMINISTRATIVE
FACTORY
SELLING
PLANT SUPERVISOR
PRE-PRESS
PRESS
BINDERY
SHIPPING
ART
COMPOSITION
CAMERA

LARGE PRINTER


PRESIDENT, OWNER, MANAGER
SALES MANAGER
PLANT MANAGER
CONTROLLER
SALES OFFICE
ADVERTISING
ACCOUNTING
OFFICE
ART
PHOTO COMPOSITION
OFFSET PREPARATION
LETTER PRESS
OFFSET PRESS
BINDERY
SHIPPING

SEGREGATE DUTIES

We will use one expense -- Payroll -- to illustrate the process. Start by identifying each employee's job function. Then organize the job functions, based on your organizational chart, into factory employees, administrative employees and selling employees. Organize payroll related expenses, such as payroll taxes and employee benefits, in the same way.

Identifying the job functions of factory employees is not difficult, but it does take some planning. The factory is where most of your employees work and where your company's product is made. Let's assume that your payroll records have identified 15 factory employees.

The positions used here are for illustration purposes only and do not necessarily reflect the proportions of indirect to direct wages as would be found in a standard operation. These job functions are:

JOB POSITION OF FACTORY EMPLOYEES

1. Plant Supervisor
2. Shipping Clerk/Truck Driver
3. Platemaker
4. Artist
5. General Help
6. Pressman
7. Pressman's Apprentice
8. Proofreader
9. Compugraphic Operator
10. Stripper
11. Maintenance
12. Cutter
13. Folder
14. Hand Binder
15. Cameraman

Now, match each job with the corresponding cost center in the organizational chart. Note that there is a separate job function for general helpers, shipping clerks/truck drivers. Cost-benefit analysis comes into play here. General helpers are used in almost every part of the plant. Their work cannot be directly charged to a particular job, therefore their payroll expenses should not be classified as direct labor. The same applies to shipping clerks/truck drivers. These employees should be classified as indirect labor, responsible for general factory duties. The PIA Standard Classification of Accounts itemizes these wages as:

a. General Factory Salaries and Wages
b. Packing, Shipping and Delivery Wages

HOW TO CHART THE ACCOUNTS

Based on the PIA Standard Classification of Accounts, we will chart the Factory Payroll accounts using the information obtained by identifying functions and segregating duties. This is the result:

EXECUTIVE SALARIES	Plant Supervisor
INDIRECT WAGES	
PACKING, SHIPPING AND DELIVERY WAGES	Shipping Clerk/Truck Driver
GENERAL FACTORY WAGES	General Helper Maintenance
DIRECT WAGES	
PRE-PRESS	
ART	Artist
COMPOSITION	Compugraphic Operator Proofreader
CAMERA	Cameraman Stripper
PLATE	Platemaker
PRESS	Pressman Pressman's Apprentice
BINDERY	Cutter Folder Hand Binder

Combining individual's wages, by department, for your Factory Payroll section of the Statement of Income would result in:

FACTORY PAYROLL	
Executive salaries	$ XXX
Direct wages	XXX
General factory wages	XXX
Packing, shipping and delivery wages	XXX
Payroll taxes	XXX
Employee benefits	XXX
TOTAL FACTORY PAYROLL	$ XXX

In this example we dealt only with Factory Payroll. Other expenses and revenues should be identified, separated and charted according to the proper cost centers in your organizational chart. The result will be an organized chart of accounts from which you can draw information for meaningful financial statements.

II. COMPARE

There must be some common denominator that will enable us to compare the financial information in your chart of accounts with the PIA Ratio Studies. When dollars are converted into percentages, you then have a common denominator called "common size" statements. Dollar amounts will be different for each firm; "common size" statements or percentages are comparable because each company's percentage base for comparison is identical — 100% of Sales, 100% of Value Added, or 100% of Total Assets.

With your chart of accounts set up to conform to the PIA Standard Classification of Accounts, and the dollar amounts converted to "common size" or percentages of sales, you are ready to compare your costs and profits with PIA Profit Leaders. Using Example 4 (below), Your Company's costs of $426,800 for Outside Services may be good or poor -- we can't tell. But, when we see it represents 10.67% of sales, it becomes very meaningful when compared to the target range set by PIA Profit Leaders -- 9.08% of sales, a difference of 1.59%.

EXAMPLE 4 - REPORT ON OPERATIONS

	YOUR COMPANY		PIA PROFIT LEADERS	DIFFERENCE
	DOLLARS	"COMMON SIZE" OR % OF SALES	"COMMON SIZE" OR % OF SALES	MORE (LESS)
SALES OR VALUE OF PRODUCT PRODUCED	$4,000,000	100.00%	100.00%	-
FACTORY COST OF PRODUCT				
MATERIAL				
Paper	835,500	20.89	21.09	(0.20)%
Other Chargeable Materials	214,500	5.36	4.48	0.88
Outside Services	426,800	10.67	9.08	1.59
TOTAL MATERIAL	1,476,800	36.92	34.65	2.27
FACTORY PAYROLL	1,075,200	26.88	24.05	2.83
FACTORY EXPENSE	511,200	12.78	12.08	0.70
TOTAL FACTORY COST OF PRODUCT	3,063,200	76.58	70.78	5.80
GROSS PROFIT	936,800	23.42	29.22	(5.80)
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	515,200	12.88	9.54	3.34
Selling expenses	217,200	5.43	8.16	(2.73)
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	732,400	18.31	17.70	0.61
INCOME BEFORE INTEREST EXPENSE	204,400	5.11	11.52	(6.41)
Interest expense	79,600	1.99	1.54	0.45
OPERATING INCOME	124,800	3.12	9.98	(6.86)
Other Income	28,000	0.70	1.03	(0.33)
INCOME BEFORE INCOME TAXES	$ 152,800	3.82%	11.01%	(7.19)%

PICK YOUR CATEGORIES FOR COMPARISON

Your "common size" statements or percentages can be compared with other firms in several different ways. You may compare your percentages with those of All Firms in a particular category such as sales volume or product specialty, or only with Profit Leaders in those categories. The illustration below, Categories For Comparison, lists the possible categories of comparison. Keep in mind that there may be other outside factors influencing your firm's position in the industry. The PIA Ratio Books suggest what these other relevant factors may be, to help you refine your analysis.

CATEGORIES FOR COMPARISON

SALES VOLUME - Ratios and statistics are presented in six categories:

Sales to $250,000
$250,000 - $500,000
$500,000 - $1,500,000
$1,500,000 - $5,000,000
$5,000,000 - $10,000,000
Sales over $10,000,000*

* A separate PIA Ratio Book LARGE PRINTING FIRMS' RATIOS breaks down this sales category as follows:

$10,000,000 - $20,000,000
$20,000,000 - $40,000,000
$40,000,000 - $80,000,000
$80,000,000 - $160,000,000

PRODUCT SPECIALTY - The PIA Ratio Studies carry "common size" or percentages for firms with more than 50% of their sales in these key market areas:

Commercial and Advertising
Magazine and Periodical
Newspaper
Packaging
Financial
Direct Mail - Catalog
Directory
Label
Book
Typographers
Binders
Preparatory Specialists
Quick Printers

PROCESS - The PIA Ratio Studies provide comparisons of firms mainly using these processes:

Sheetfed Offset
Web Offset - Heatset
Web Offset - Non-Heatset
Combination Offset - Sheetfed/Web

GEOGRAPHIC AREA - Significant financial information for comparison can be drawn from companies working in the same economic environment. The Ratio Studies break down geographic regions as follow:

New England and Upstate New York
Metropolitan New York and New Jersey
Eastern Pennsylvania, Maryland and D.C.
Southeast Atlantic
East North Central
South Central
Chicago Area
West North Central
Plains and Mountain States
Pacific Southwest
Pacific Northwest
Canada

Identify which of the categories listed above reflect your company's operations and compare your results with theirs. You will then be ready for the next, and most important, step in the meaningful use of the ratios: ANALYSIS. Analysis will help you identify the problem areas and the profitable areas in your company's operations.

III. ANALYSIS

One reason, but by no means the only reason, for analyzing the financial status of your printing business is to determine its overall position in the printing industry. Comparing your company with other, similar companies, enables you to determine which financial operations should be maintained at their current level and which should be improved to achieve your profit objectives.

Comparative financial analysis should be broad. It is important to evaluate all of the ratios together, not just individually. Moreover, your financial analysis should include an examination of ratios over a period of time, and a comparison of results with trends in the printing industry.

Evaluate Ratios Collectively, Not Individually

Individual ratio results may pinpoint a problem area in your printing operation or they may highlight a very profitable cost center, but individual ratio results do not provide in-depth financial information. Each ratio should be analyzed together with other ratios and facts concerning your company.

For example, in examining your firm's income statement, you may find increases in your percentages of depreciation expense and interest expense, increases that may seem alarming at first glance. An analysis of the balance sheet, however, may show that such alarm is unwarranted.

Top management may have long-range profit planning goals that should be factored into the analysis. There may have been a plant expansion (increase in assets) funded through attractive debt financing (increase in liabilities). A slow, outdated press may have been replaced by a new, more efficient one. Deeper analysis into the income statement may show that the company's income tax rate was lowered by investment tax credits and accelerated depreciation on the new press. Don't take one ratio out of context. Make your analysis broad enough to take all your financial results into consideration.

Observe, Assess, Monitor

Your firm and its operations are not static. Observing your ratios over a period of time will show a number of trends and movements in your expense and profit picture on which a printing manager may wish to act. If some action is taken, monitoring ratios on a regular basis will help show if the action was effective or appropriate.

Trend Analysis

If one of your company's ratios is way "out of line," it is possible that there is nothing you can to to improve it. This is especially true if the entire printing industry is suffering a slump in a particular area. Furthermore, if industry trends should be showing improvement, any action on your part may be counter-effective.

For example, when paper costs soared nationwide, some printing managers might have panicked and made hasty decisions to avoid tying up substantial amounts of cash by reducing their paper inventories. For some printing firms, this decision was a disaster because shortly after the price increase the nation-wide supply of paper became scarce. Those who reacted in panic and chopped inventory found that their shortage of paper resulted in lost accounts, soaring operating expenses and even lower profits.

Trends are only clues and should be considered together with other concrete facts. Remember that factors out of your or the industry's control may cause trends to reverse themselves at any time.

Assess The Printing Industry

Comparing financial relationships between your company and the PIA Ratio Standards permits you to size up your company's performance in relation to High Profit firms and the industry as a whole. The next section of this book provides detailed information on using the PIA Ratio Studies effectively. It is designed to help you begin to figure ways of improving those areas and operations that most need attention.

SECTION 2 - ANALYSIS OF THE RATIOS

VALUE ADDED - WHY IT'S IMPORTANT

If sales are up but profits are down, something is wrong. Even when sales are level and profits are lower, management has a problem. The problem area, in all probability, is in your Inside Sales, or Value Added. Too often printing managers are unfamiliar with this critical concept and do not realize this may be the root of their problem.

VALUE ADDED DEFINED

Value Added is the term for the sale of products manufactured in a company's plant. It is determined by subtracting the cost of materials and outside purchases from the sale price. In other words, Value Added is the value added to purchased materials and outside services by your manufacturing efforts.

SALES		$100
LESS: MATERIALS		
Paper	$22	
Other chargeable materials	6	
Outside services	7	35
VALUE ADDED		$ 65

VALUE ADDED MAXIMIZES PROFIT

Profit is achieved from sales of a company's own manufacture. This is a basic principle of accounting. Or, to put it more simply: you make your profit from the work done inside your own plant, not outside. When this key principle is ignored, printing firms ignore a valuable tool for earning maximum profits. There may be other reasons, of course, for poor operating performance, but neglect of the Value Added principle is the major and most frequent reason for low profits.

UNDERSTANDING VALUE ADDED

Value Added, the remainder after cost of materials is deducted from your sales, is all you have to pay your other expenses. These expenses include factory labor, factory expenses, administrative expenses, selling expenses and interest. When these expenses have been paid, what remains is your profit.

These expenses are, for the most part, fixed costs, and as "overhead" do not vary significantly. This is true when a company's operations remain within a steady range. They would change if there were significant growth or shrinkage in the company's size and operation. With "overhead" remaining relatively constant, you want to maximize your Value Added for greater profits. This is different from the basic "cost sheet concept" usually applied in the printing industry.

EXAMPLE -- HOW VALUE ADDED WORKS

This example illustrates the effect on operating income when we increase from $635,600 to $675,000 the Value Added derived from $1,000,000 of sales. We will assume that "overhead" (factory labor, other factory, administrative, selling and interest expenses) will remain the same. We are simplifying this example to prove that within this relevant range these expenses are, in effect, fixed costs.

	Original	After Increase in Value Added
SALES	$1,000,000	$1,000,000
Cost of Materials	364,400	325,000
VALUE ADDED	635,600	675,000
"Overhead"	591,000	591,000
Operating Income	$ 44,600	$ 84,000

THE BETTER STATEMENT

Statements of Operations have more meaning when they are prepared on the basis of Value Added. Too often, printers look to sales as the sole measure of profit when, in fact, Value Added is always the better measure. For example, both these results are possible for a printing operation in a given month:

	Result A	Result B
SALES	$125,000	$ 90,000
MATERIALS	60,000	15,000
VALUE ADDED	$ 65,000	$ 75,000

This example shows that a month's sales of $125,000 producing $65,000 of Value Added are not as good as the lower sales of $90,000 that provide $75,000 of Value Added. The lower sales total, in this case, produces $10,000 more to cover overhead...and increase profit. In this example the higher sales figures are misleading. Value Added gives a truer picture by clearing the distortion that material costs introduce into the traditional operating statement.

There would be significant differences in ratios based on percentages of sales in a comparison of operating statements for a short-run sheetfed company and that of a web-offset printer. The reason for the differences would be the amount of materials purchased and consumed by the web-offset printer, compared to the short-run sheetfed operation and the amount of direct labor incurred.

Comparison of ratios based on sales, as in Example 5, would seem to show that the web-offset operation has an 8.48% lower cost for factory payroll and factory expense (27.88% for web-fed as compared to 36.36% for sheet-fed). This is because a substantial portion of the sales of the web-offset company was materials.

EXAMPLE 5

	COMPANY S - SHEETFED		COMPANY W - WEB-FED	
		% of Sales		% of Sales
SALES OR VALUE OF PRODUCT PRODUCED	$1,000,000	100.00%	$1,000,000	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other Chargeable Materials	42,800	4.28	35,000	3.50
Outside Services	87,900	8.79	30,000	3.00
TOTAL MATERIALS	328,000	32.80	452,900	45.29
FACTORY PAYROLL	241,800	24.18	177,500	17.75
FACTORY EXPENSE	121,800	12.18	101,300	10.13
TOTAL FACTORY COST OF PRODUCT	691,600	69.16	731,700	73.17
GROSS PROFIT	308,400	30.84	268,300	26.83
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	115,000	11.50	83,700	8.37
Selling expenses	72,500	7.25	58,000	5.80
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	187,500	18.75	141,700	14.17
INCOME BEFORE INTEREST EXPENSE	120,900	12.09	126,600	12.66
Interest expense	18,300	1.83	18,300	1.83
OPERATING INCOME	102,600	10.26	108,300	10.83
Other Income	10,200	1.02	10,200	1.02
INCOME BEFORE INCOME TAXES	$ 112,800	11.28%	$ 118,500	11.85%

But comparing the ratios, based only on sales of these two companies, is much like comparing apples and oranges. The true comparison cannot be made until the distortion caused by the differences in materials is eliminated. In this circumstance, the difference in the cost of materials (45.29% for the web-fed company as compared to 32.80% for the sheet-fed company) is caused by the nature of web printing as compared to sheet-fed printing, rather than operating efficiencies. Now when we look at Example 6, which is based on Value Added, we see that factory payroll and factory expenses are 50.96% for the web-fed company as compared to 54.11 % for the sheet-fed company, a difference of only 3.15%.

EXAMPLE 6

	COMPANY S - SHEETFED		COMPANY W - WEB-FED	
		% of Value Added		% of Value Added
SALES OR VALUE OF PRODUCT PRODUCED	$1,000,000		$1,000,000	
FACTORY COST OF PRODUCT MATERIALS				
Paper	197,300		387,900	
Other Chargeable Materials	42,800		35,000	
Outside Services	87,900		30,000	
TOTAL MATERIALS	328,000		452,900	
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSE	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	115,000	17.11	83,700	15.30
Selling expenses	72,500	10.79	58,000	10.60
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	18,300	3.34
OPERATING INCOME	102,600	15.27	108,300	19.80
Other Income	10,200	1.52	10,200	1.86
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 118,500	21.66%

Almost every company's product mix is different. By using Statements of Operations based on Value Added, this product mix difference is eliminated. Value Added is always a better statement with which to evaluate your operations.

MEANINGFUL MARK-UPS FOR COST

With an understanding of the Value Added concept you can focus on materials mark-up to recover overhead. It is essential that materials are priced at their cost plus their proper share of the allocated overhead. Because Value Added is so important to your profitable operation, overhead recovered by materials pricing must be correct. The traditional 5%, 10% or 15% mark-up of materials (so-called handling charges) may or may not be correct. You won't know for sure unless material costs are treated as another cost center, just as you have established a press cost center to determine the correct press hourly rate.

Once this is done, you will have a cost sheet that contains materials with their proper share of overhead and cost center costs. With this base information, you can apply the proper profit mark-up which is discussed below. Profit mark-up will vary as the relationship changes between materials and manufacturing.

PROFIT MARK-UPS — VALUE ADDED CONCEPT

Profit mark-ups should take into account the Value Added concept; the higher the proportion of materials in a job, the higher should be the profit mark-up.

A sound profit mark-up policy is one that achieves and complements the business objectives of your firm. Printing firms should always seek to maximize their Value Added by attracting jobs with a high Value Added, and by converting low Value Added jobs to higher ones. Note this general rule: The most desirable jobs are those with high Value Added and lower profit mark-up. Conversely, jobs with a small Value Added are less desirable and should receive a higher mark-up.

There is no neat formula to separate good jobs from fair or poor jobs. What is presented here is an overall principle which you can integrate into your pricing procedures with little effort.

For example, let's look at a "good" job and a "better" job:

	GOOD JOB	BETTER JOB
Materials	$ 8,000	$ 2,000
Cost center costs	2,000	8,000
TOTAL	$10,000	$10,000

Before profit mark-up, the Value Added of the "good" job is only $2,000. Now price this job and include a profit. The "better" job has a Value Added of $8,000 before profit mark-up. Now, price this job with a profit mark-up.

If you followed the principle presented earlier, your prices should have included a higher profit mark-up for materials and cost centers in the "good" job and a lower profit mark-up for the "better" job. Why? Because the "better" job contributes more to fixed and variable overhead, and ultimately to profits.

VALUE ADDED AND SALES COMPENSATION

While it is generally accepted that sales people working on commission are more effective than salaried sales people, little attention is paid to the kinds of jobs they bring in. Commissions are usually based on total sales dollars, regardless of the Value Added component of the sale.

The weakness of this practice becomes clear when sales compensation is examined in light of the Value Added concept. Does a sales person have an incentive to bring in high Value Added jobs -- "better" jobs -- when he is paid a commission solely on sales volume? No! What reward does a sales person look forward to when he seeks out and closes a high Value Added job? None!

Sales commissions should be a percentage of Value Added. Basing sales compensation on Value Added is becoming an increasingly popular policy among printing firms. It already has been adopted by some of the most successful firms in the industry, and for good reason. These sales people and their high Value Added jobs are contributing more to the profitability of their firm.

In these compensation plans, the commission on the Value Added in a job is calculated to be the same as the commission earned on an average job using an average amount of materials or outside purchases.

It might appear that sales commissions might be reduced if commissions were based on fewer Value Added dollars, but this is not the case. Commissions would be reduced only for those sales people who sell large amounts of paper and other outside services. Those sales people who sell high Value Added jobs, and who received no special recognition for these desirable sales -- those jobs with a significant amount of inside manufacture -- would now receive increased commissions.

The important motivation built into Value Added compensation is, of course, higher earnings for sales people who bring in higher Value Added jobs. The justification is that these jobs pay more overhead and produce a greater profit, contributing most to management's objectives.

REPORT ON OPERATIONS — WHAT'S IN IT FOR ME?

Every printing manager has to pause occasionally, step back, take a deep breath, and ask, "How well am I doing?" The answer to this question can be found in his firm's operating statement.

A financial statement is, generally, an historical document. It tells what happened in a particular year or series of years. But, by comparing, evaluating and analyzing his historical operating statement, the printing manager can open a window into the future...and more.

The effective manager uses the operating statement as an important tool in the decision-making process. Once historical data is accumulated and analyzed, the manager can form plans for the future, set objectives and attempt to control the outcome of those plans.

PIA Ratios are especially helpful in deciphering operating results. By comparing one's own company with other companies in the industry, problem areas are highlighted and identified. Since PIA Ratios are offered as "common size" or percentages, more precise comparisons can be made with other firms, regardless of different dollar sales volumes. Even closer evaluations can be made using PIA's specialized Ratio Study volumes, but the discussion in this Guide will deal with the book, All Printers by Sales Volume.

A WORD ABOUT RATIOS IN GENERAL

Ratios should be viewed as a starting point and as a powerful tool for more effective, profit-oriented management. By comparing your firm's ratios with those of PIA's high profit companies, you can pinpoint costs and expenses in your operation that should be examined in greater depth. You can get insights into operating trends through these comparisons and make intelligent judgments regarding their significance.

While making the comparisons you should keep in mind the peculiarities of business, technological changes and economic factors which might be affecting the results shown on the operating statements.

When variances occur between the objective (high profit standards) and the achieved (lower ratios in your firm's operating statement) or, if you find that your firm has better ratios than PIA's Profit Leaders, ask the following questions:

- Why did the costs differ?
- Was the difference adverse or favorable?
- Who or what was responsible for the difference?
- What can or should be done about it?

SAMPLE ANALYSIS OF THE OPERATING STATEMENT

The report on operations in All Printers by Sales Volume is arranged according to sales as follows:

All Firms Reporting
Sales to $250,000
Sales from $250,000 to $500,000
Sales from $500,000 to $1,500,000
Sales from $1,500,000 to $5,000,000
Sales from $5,000,000 to $10,000,000
Sales Over $10,000,000

Within each sales range, ratios are provided for All Firms and for Profit Leaders, those firms earning 8% or more profit on sales. Achieving ratios similar to those of the Profit Leaders should be a printing company's objective. We will direct our comparisons toward that goal.

Separate line items on the Report on Operations will be defined as they come up in discussion.

Pages 36-38 show a sample "PIA Ratio - Report on Operations and Supporting Schedules," and an operating statement for a fictional company, "Printemps."

Printemps, our fictional company, is a sheetfed offset printer. Its sales are $7,000,000 for the current year. The columns for the sales range, $5,000,000 to $10,000,000 have been taken from a PIA Ratio Study for our comparison.

The next step is to list the dollar amounts in Printemps' operating statement in the same order as the PIA Chart of Accounts. Now we are ready to convert Printemps' dollar figures to percentages of sales. When that is done, we can compare, side by side, Printemps' operating results with the PIA Ratio Study results.

You should compare in the same way your firm's percentages item-by-item with the Ratio Study results.

In our analysis, we will begin by listing what costs should be included in the various line items on the operating statement. Next, we will compare our fictional company, Printemps, with the results in the Ratio Study, discussing the major significant differences. Finally, we will try to analyze what caused the differences and suggest how the situation could be improved in the future.

SAMPLE COMPARISON

Sales Or Value of Product Produced

Reports on Operations start with sales, the amount you charge for your product. All cost-cutting practices are insignificant if you do not price your company's products intelligently. Printing is a made-to-order product. Every job is different and uses different facilities in your plant for varying periods of time. You must know your cost. To price your finished job intelligently, you also must have a good system for gathering those costs and formulating a sales price that is competitive and profitable. Printemps' sales are $7,000,000. Further analysis will help determine how well this firm is pricing its product.

Factory Cost of Product — Materials — Paper

Paper usually represents a printer's largest single cost on a job. Printemps' ratio for paper costs compare as follows:

PIA Profit Leaders	Printemps	Variance
25.01%	29.76%	(4.75)%

The variance is unfavorable. Printemps is spending much more on paper than PIA Profit Leaders. Some of the reasons for this might be:

1. Purchasing policies at Printemps need improvement.
2. Waste and spoilage are not controlled properly. It is extremely important that paper be handled properly in all phases of production — shipment, storage, pressroom, bindery, etc.
3. The type and quality of paper required by the jobs that Printemps does could have an adverse effect on paper costs, as could product mix.

The effective manager will investigate these areas to find out where the problem or problems are occurring. Once this is done, he can take corrective action, if possible, to decrease the amount of money being spent on paper. If the problem is beyond his control and cannot be corrected, he will, at least, understand the reasons for this high paper cost.

Factory Cost of Product — Materials — Other Chargeable Materials

This line item on the operating statement has a supporting schedule (page 37) and includes the following:

	PIA Profit Leaders	Printemps	Variance
Ink	1.08%	1.50%	(0.42)%
Film	0.57	3.22	(2.65)
Plates	1.07	2.03	(0.96)
Other Chargeable Materials	2.12	1.02	1.10
	4.84%	7.77%	(2.93)%

Once again, Printemps has an unfavorable variance. It may have a general problem with inventory control which could be affecting all of its material costs. If Printemps has a system of perpetual inventory control, its managers should ask if it's working. Is there enough inventory on hand to prevent costs associated with rush orders? Is the purchasing department operating efficiently? Are prices compared periodically? Another area for inspection might be efficiency or inefficiency in handling materials. Are materials disappearing?

Printemps' variance of 2.65% for film is especially high. Management explains that Printemps has invested in a new scanner and is doing most of its own color separations, as well as some work for other area printers. This accounts for the Other Income which we will discuss later in our review of the Statement of Operations. Printemps also does predominantly high-quality color work, which contributes to its above average percentages for ink, film and plates.

This example of high material costs shows why management should not interpret variances on an isolated basis. You must keep in mind your business and how it operates as you go through your evaluation.

Factory Cost of Product — Materials — Outside Services

Outside Services are costs for work done by another company. The previous chapter in this guide, "Value Added -- Why It's Important" explains why it is beneficial for a printer to keep as much work in-house as possible. Printemps' ratios for Outside Services compare with PIA Profit Leaders as follows:

	PIA Profit Leaders	Printemps	Variance
Composition	0.67%	0.40%	0.27%
Offset Preparation	1.03	0.20	0.83
Printing	1.59	1.42	0.17
Binding	1.67	3.15	(1.48)
Other Outside Services	0.63	0.75	(0.12)
	5.59%	5.92%	(0.33)%

If we looked only at the percentages for total Outside Services, 5.59% for PIA Profit Leaders as compared to 5.92% for Printemps, we would only see a minor unfavorable variance of 0.33% and we might miss the larger variances both favorable and unfavorable in Offset Preparation and Binding.

Printemps does especially well in Offset Preparation because it does almost all of its own color separations. However, there is a weakness in its binding operation. This, again, is partially caused by the type of work that Printemps produces. Many of its jobs call for special types of binding processes for which it would be impractical to acquire the necessary equipment. There is, however, some new folding and stitching equipment that Printemps has ordered which will enable them to do more binding in-house. This move will improve their Value Added position and should increase profits.

Factory Payroll

Labor costs are always a large percentage of graphic arts sales. This is one area that can have a drastic effect on your operating statement's bottom line. Even though you may feel like a walnut caught in a nutcracker when dealing with rising labor costs, there are ways to ensure getting as much benefit as possible from the costs. Let's take a look at payroll:

	PIA Profit Leaders	Printemps	Variance
Salaries - Executive	2.04%	2.54%	(0.50)%
Direct Wages	15.86	18.84	(2.98)
General Factory Wages and Salaries	1.13	1.59	(0.46)
Packing, Shipping and Delivery	0.67	0.55	0.12
Payroll Taxes	1.27	1.68	(0.41)
Employee Benefits	1.91	2.08	(0.17)
	22.88%	27.28%	(4.40)%

Allocating Factory Wages between Direct Wages, General Factory Wages and Packing, Shipping and Delivery is always difficult. Remember that Direct Wages are earned by employees engaged in production (specific cost centers), and General Factory Wages and Packing, Shipping and Delivery Wages are for work not directly chargeable to jobs. It also may be more meaningful to analyze all Factory Wages combined to get an overall picture of how your company compares with the industry's Profit Leaders.

Printemps spends 4.40% more for Factory Payroll than the PIA Profit Leaders. Going down the list, we see that Executive Salaries are high. One reason for this may be that the factory executive is one of the principals in the business.

Printemps' major difference from Profit Leaders occurs in Direct Wages. Printemps' manager should review the following checklist to identify possible causes:

1. Is there a problem in the labor contract? Did managers calculate labor costs and negotiate intelligently?
2. Is there a good, working system in place for gathering job costs so that jobs can be priced realistically?
3. Is there an excessive amount of overtime? Does management know at what point overtime is, and is not, profitable?
4. Are vacations scheduled for slack periods?
5. Does management try to avoid idle time? Do employees wait around because of:
    - poor instructions
    - no material
    - no power
    - no repairman
6. Is production delayed while management makes decisions.
7. Even worse, is one job taken off the press to get a "rush" job through, thus causing extra make-ready time?
8. Do sales and manufacturing departments work together to determine which jobs have economic priority?

Because labor is so expensive, management has to watch it closely, and control costs tightly. Printemps is trying to do this by putting one of the firm's owners on the production floor. This will help keep lines of communication open between management and factory and should promote more efficient operation of the plant.

Factory Expenses

Our Chart of Accounts classifies Factory Expenses as Fixed and Other. Fixed Expenses are relatively constant regardless of a firm's level of productivity. Printemps' total Fixed Expenses compare as follows:

	PIA Profit Leaders	Printemps	Variance
Total Fixed Expenses	6.25%	7.64%	(1.39)%

The largest unfavorable variances in this classification occur in:

Depreciation - other	(1.17)%
Insurance	(0.50)%
Utilities	(0.42)%

The increase in Printemps' depreciation expense can be attributed to its recent purchase of a scanner. However, there is no obvious explanation for the unfavorable variance in insurance. Among the reasons could be the location of Printemps' plant, possibly in an area of higher risk or liability, resulting in higher insurance rates.

Management should review its insurance policies to see if there is proper coverage and to determine if it is getting the best available price. Printers should shop for the best deal for their insurance coverage which, like paper or any other outside purchase, is a product which varies in price. Judicious shopping can result in very substantial cost reductions for the same amount of coverage. No insurance policy should be agreed to until several brokers have been contacted for quotes. And, these policies should be reviewed regularly to see if even better terms can be secured.

Printemps also should be concerned about its utilities cost. Has there been a recent energy-saving review? Are machines shut down when not in use? Are the heating and air conditioning systems outdated and inefficient?

Other Factory Expenses vary with the level of production. Control of these expenses is important to increasing profits. Printemps needs improvement in some of the following areas:

	PIA Profit Leaders	Printemps	Variance
Factory Supplies and Expense	1.85%	2.39%	(0.54)%
Packing, Shipping and Delivery	1.15	0.92	0.23
Repairs and Maintenance	1.49	2.15	(0.66)
Other Factory Expenses	0.90	0.32	0.58
	5.39%	5.78%	(0.39)%

The variance of 0.54% in Factory Supplies and Expense may warrant inspection. Are supplies controlled and purchased effectively? Repairs and Maintenance also compares unfavorably with Profit Leaders. Printemps should review its maintenance policies to see whether proper maintenance schedules are followed. Are machines breaking down because of neglect or age?

Gross Profit

We have now reached the Gross Profit line in Printemps' Report on Operations. So far in our analysis we have discussed where significant variances appear and possible areas of improvement. The most controllable costs frequently appear above the Gross Profit line. Printemps' Gross Profit percentage is 15.85% compared to 30.04% for the PIA Profit Leaders. When Gross Profit ratios consistently fall below that of Profit Leaders, as is the situation with Printemps, management must examine problem areas closely and be prepared for considerable belt tightening. Gross Profit has to be high enough to cover Administrative and Selling Expenses, and pay for Interest Expense.

Administrative Expenses

Printemps has an average administrative staff. The President is the administrative executive and has kept good control of administrative costs, showing a lower cost than the PIA Profit Leaders.

	PIA Profit Leaders	Printemps	Variance
Total Administrative Expenses	8.22%	7.15%	1.07%

Some expenses that can be controlled in the Administrative area include office supplies and expenses, postage and telephone. These items should be monitored for effective purchasing and usage.

Bad debts are another area where management can improve results. One way to do this is to establish sound credit and collection policies, and see to it that those policies are followed.

Most administrative expenses are not significantly affected by changes in production or sales. The manager should try to determine if, overall, Administrative Expenses can be justified in terms of efficient operations.

Selling Expenses

Printemps' Selling Expenses also are low compared to PIA Profit Leaders.

	PIA Profit Leaders	Printemps	Variance
Total Selling Expenses	9.35%	6.57%	2.78%

This variance may not be as favorable as it appears. It may indicate that Printemps is not spending enough time and money to promote its products and to increase sales. There is one selling executive, four salesmen and one sales office person. Obviously, the president of the company also does some selling.

Interest Expense And Other Income

Printemps compares with PIA Profit Leaders in this area as follows:

	PIA Profit Leaders	Printemps	Variance
Interest Expense	1.46%	2.57%	(1.11)%
Other Income	1.29	1.59	0.30

Printemps' Interest Expense is high. Besides having fairly large long-term notes used to finance equipment, the company has been forced to seek some short-term working capital financing at high interest rates. It would be wise for it to improve its cash flow so that these short-term notes could be kept to a minimum. Proper planning and more efficient billing and collection procedures would help speed the cash flow.

In periods of falling interest rates such as we have been presently experiencing, printing management would do well to look into refinancing its indebtedness, both long-term and short-term.

Banks are not partners. They are in the business of selling money, and can be very competitive, especially in attracting new accounts. A printer can improve his profitability by seeking the best possible credit terms, and by regularly reviewing the credit terms available to him among competing lending institutions.

Other Income from outside separation work, mentioned earlier, helps Printemps' Income Before Income Taxes look better. Printers who do not have a cash flow problem would be wise to invest idle funds so that interest income can be generated.

The Bottom Line

We have barely scratched the surface in this brief example. In examining variances, it is often helpful to look at other parts of the PIA Ratio Study for more in-depth understanding. For example, when analyzing Direct Wages, an examination of the Significant Facts tables will show average wages in a particular sales range per employee. Managers should examine and analyze the Balance Sheet and Return on Investment sections together with the Operating Statement in order to get a full picture of a company's performance, compared to PIA Profit Leaders.

Once you have compared your results — all your results — with industry standards for the current year, and have identified the differences, you have the basis to plan and set objectives for the future. Proper understanding of the Ratio Study and diligent commitment on your part should result in improved operations. You already know how well you did last year. The next question is, "How can I do better next year?"

REPORT ON OPERATIONS - SALES = 100%

	SALES FROM $5,000,000-$10,000,000		PRINTEMPS	
	ALL FIRMS	PROFIT LEADERS		
	%	%	$	%
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	$7,000,000	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	25.66	25.01	2,083,200	29.76
Other chargeable materials	5.65	4.84	543,900	7.77
Outside services	8.02	5.59	414,400	5.92
TOTAL MATERIALS	39.33	35.44	3,041,500	43.45
FACTORY PAYROLL	25.90	22.88	1,909,600	27.28
FACTORY EXPENSES	12.18	11.64	939,400	13.42
TOTAL FACTORY COST OF PRODUCT	77.41	69.96	5,890,500	84.15
GROSS PROFIT	22.59	30.04	1,109,500	15.85
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	8.54	8.22	500,500	7.15
Selling expenses	9.02	9.35	459,900	6.57
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	17.56	17.57	960,400	13.72
INCOME BEFORE INTEREST EXPENSE	5.03	12.47	149,100	2.13
Interest Expense	2.21	1.46	179,900	2.57
OPERATING INCOME (LOSS)	2.82	11.01	(30,800)	(0.44)
Other income	0.72	1.29	111,300	1.59
INCOME BEFORE INCOME TAXES	3.54%	12.30%	$ 80,500	1.15%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
OTHER CHARGEABLE MATERIALS				
Ink	1.86%	1.08%	$ 105,000	1.50%
Film	1.22	0.57	225,400	3.22
Plates	1.34	1.07	142,100	2.03
Other chargeable materials	1.23	2.12	71,400	1.02
TOTAL OTHER CHARGEABLE MATERIALS	5.65%	4.84%	$ 543,900	7.77%
OUTSIDE SERVICES				
Composition	0.55%	0.67%	$ 28,000	0.40%
Offset preparation	1.36	1.03	14,000	0.20
Printing	1.25	1.59	99,400	1.42
Binding	2.81	1.67	220,500	3.15
Other outside services	2.05	0.63	52,500	0.75
TOTAL OUTSIDE SERVICES	8.02%	5.59%	$ 414,400	5.92%
FACTORY PAYROLL				
Salaries - executive	1.71%	2.04%	$ 177,800	2.54%
Direct wages	17.11	15.86	1,318,800	18.84
General factory salaries and wages	2.04	1.13	111,300	1.59
Packing, shipping and delivery wages	0.87	0.67	38,500	0.55
Payroll taxes	1.69	1.27	117,600	1.68
Employee benefits	2.48	1.91	145,600	2.08
TOTAL FACTORY PAYROLL	25.90%	22.88%	$1,909,600	27.28%
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.29%	0.23%	$ 19,600	0.28%
Depreciation - other	3.19	3.44	322,700	4.61
Taxes - real estate	0.21	0.23	13,300	0.19
Taxes - other	0.23	0.22	11.200	0.16
Insurance	0.38	0.42	64,400	0.92
Building rent	0.97	0.64	-	-
Utilities - heat, light, etc.	1.22	0.99	98,700	1.41
Equipment rental	0.46	0.08	4,900	0.07
Total Fixed Expenses	6.95	6.25	534,800	7.64
Other Expenses				
Factory supplies and expense	2.00	1.85	167,300	2.39
Packing, shipping and delivery expense	1.11	1.15	64,400	0.92
Repairs and maintenance	1.37	1.49	150,500	2.15
Other factory expenses	0.75	0.90	22,400	0.32
Total Other Expenses	5.23	5.39	404,600	5.78
TOTAL FACTORY EXPENSES	12.18%	11.64%	$ 939,400	13.42%

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.30%	2.69%	$166,600	2.38%
Salaries - office	2.02	1.68	108,500	1.55
Payroll taxes	0.28	0.25	16,800	0.24
Employee benefits	0.59	0.74	35,700	0.51
Bad debts	0.48	0.41	22,400	0.32
Office supplies and expenses	0.43	0.31	24,500	0.35
Professional fees	0.49	0.37	29,400	0.42
Taxes - business	0.10	0.11	6,300	0.09
Telephone	0.43	0.45	32,900	0.47
Other administrative expenses	1.42	1.21	57,400	0.82
TOTAL ADMINISTRATIVE EXPENSES	8.54%	8.22%	$500,500	7.15%

	ALL FIRMS	PROFIT LEADERS	PRINTEMPS	
	%	%	$	%
SELLING EXPENSES				
Salaries - executive	1.10%	1.18%	$ 84,000	1.20%
Salaries and commissions - salesmen	4.60	4.83	221,200	3.16
Salaries - sales office clerical	0.74	0.72	28,000	0.40
Payroll taxes	0.33	0.29	21,000	0.30
Employee benefits	0.40	0.47	19,600	0.28
Advertising	0.47	0.88	14,000	0.20
Travel and entertainment	0.78	0.55	60,900	0.87
Other selling expenses	0.60	0.43	11,200	0.16
TOTAL SELLING EXPENSES	9.02%	9.35%	$459,900	6.57%

THE BALANCE SHEET - HOW WE STAND

A balance sheet is a statement of a company's financial position at a specific time. It lists assets, liabilities and owners' equity. The term, "balance sheet," comes from the fact that its two sides must balance or be equal. The balance sheet equation may take one of two forms:

$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$

OR

$$\text{Assets} - \text{Liabilities} = \text{Owners' Equity}$$

A company's assets are everything the company owns. Its liabilities are everything it owes. Owners' equity is what is left after liabilities are subtracted from assets, and it represents the financial interest of the proprietor, partners or shareholder(s) — whoever owns the company. Another term for owners' equity is "net worth," a term that is not used as commonly as it was in the past.

A good printing manager should understand the relationship of a balance sheet's components to company operations. Many aspects of a company's operational capabilities are revealed by an evaluation of its balance sheet. As with other financial data, an intelligent analysis can provide a unique management tool.

Keep in mind that particular ratios and relationships may differ according to the processes a printing company uses or what products it produces. For example, it is likely that a web-offset printer would have a greater investment in plant equipment and, correspondingly, more liabilities (debt) or equity (owners' financial interest) to support those assets than a sheetfed printer.

By using the following analysis as a guide, you should be able to compare your own firm's financial position to that of the industry and Profit Leaders. Our example is the balance sheet of our imaginary company, Printemps, which we will compare to the sample PIA ratio balance sheet on page 49.

ASSETS - THE PRINTER'S INVESTMENT

How many dollars in assets should we invest to produce X dollars in profit? As any businessman knows, this is a difficult question to answer. Return on Investment (ROI), a measure of profitability that is just as important as Profit on Sales, has been defined as income divided by assets.

$$\text{ROI} = \frac{\text{Income}}{\text{Assets}}$$

There are only two ways to increase ROI: either increase income or decrease assets.

In our analysis of Printemp's balance sheet, our goal will be to ensure the efficient income-producing management of the company's assets. We also will look for ways to reduce assets without affecting income. As the above formula indicates, both goals will lead to higher Return on Investment (ROI).

Because printing is a highly capital-intense industry, there are many types of assets involved. These are normally classified as Current Assets, Fixed Assets, and Other Assets. Added together, these comprise Total Assets. We will examine each type of asset as it relates to printing.

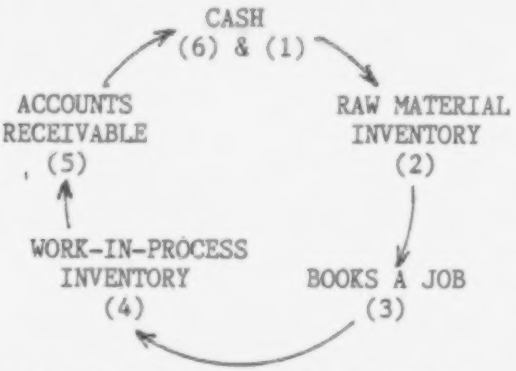
CURRENT ASSETS - THE PRINTER'S LIQUIDITY

Traditionally, Current Assets are listed on the balance sheet in their order of liquidity. They may be referred to as a company's liquid assets -- assets that can be converted quickly into cash, usually within a one-year period. A printer uses these assets to pay his bills or other debts as they come due.

Current Assets follow a circular pattern during the year, continuously being used up and replaced. For the average printer, this process takes place many times a year.

The typical trading cycle follows this pattern:

(1) A company starts with cash.
(2) Next, it purchases raw materials -- paper, ink, film, etc.
(3) Then it books a job and
(4) puts costs and materials into work-in-process.
(5) When the job is completed and shipped, it is then billed to the customer. The cost of the job is then removed from the work-in-process inventory and the billed amount becomes an account receivable.
(6) Finally, the customer pays the bill and the account receivable is converted back into cash and the cycle starts anew.



ONE OF THE KEYS TO GREATER PROFIT IS TO SPEED UP THE TRADING CYCLE, MINIMIZING THE TIME INVOLVED FOR EACH CYCLE. THE MORE CYCLES PER YEAR, THE MORE PROFIT GENERATED.

TURNOVER

Turnover is the time it takes to complete one trading cycle. Turnover that is as fast as possible, consistent with quality standards, is a sound management principle. But it seems to conflict with some printers' practices. Too often production, estimating and sales personnel seek extra time to do a job, even though the faster the job is done, the better the turnover. If management wants to increase its profits, it must insist that the trading cycle be completed as quickly as possible -- and manage its personnel to see that this policy is adhered to.

Two ratios are critical in analyzing the movement or rapidity of the cycle. These are inventory turnover and the collection period of receivables. It is imperative that printers understand how these two ratios operate and try diligently to improve them. Time after time, printing companies that have been sliding down the profit line have climbed back up to a healthy position by improving their turnover.

For example, one printing company forced into heavy short-term debt several years ago analyzed its operations only to discover that the collection period for receivables was approaching 63 days. After management installed tighter credit policies and began to monitor collection procedures more closely, it took only a short time to reduce the collection period to 50 days and eliminate a major portion of the short-term debt.

Let's now analyze each current asset, generally, and then more specifically to see how Printemps' ratios compare to the industry as a whole.

CASH

There is no firm rule about the amount of cash a company should have on hand. The only thing certain is that having either too much cash or too little cash is likely to cause problems. A profitable company will have a surplus of cash after expenses. Conversely, a company facing financial loss will be pushed into using whatever cash it has to cover expenses. Also, a printing company that is growing or expanding will need more cash for plant investments and debt commitments, and for building sufficient inventories than will a company that is well established.

Historically, Profit Leaders maintain approximately 9% of their total assets in cash. Your company may need more or less, depending on its present situation.

CASH CONTROL

Cash control is particularly important to a printer because almost every transaction will eventually result in either receiving or disbursing cash. Because cash can be concealed and is liquid, it can be stolen or misappropriated more easily than any other asset. Keep in mind that theft and embezzlement have always been done by "trusted" employees or executives. Therefore, it is vital for management to maintain adequate control and accountability for its cash. The printing manager must see that the following procedures are carried out:

1. Cash is recorded and deposited promptly after receipt.

2. All disbursements are made by check. (It is common for printers to have a petty cash fund for small expenditures that would be impractical to pay by check. Just make sure the expenditures are small.)

3. Employees handling cash should have their tasks divided. They also should be bonded. For example, the person preparing invoices should not make bank deposits or handle receipts. The person writing checks should not reconcile bank statements.

At first glance, it may appear that Printemps has a serious cash deficiency. A comparison with the PIA Ratio Study shows 8.14% less cash than the Profit Leaders. Further analysis reveals that if both cash and receivables are totaled, the difference between Printemps and the Profit Leaders is only 4.92%. Printemps' cash as a percentage of total assets may point to a low receivable turnover and an inability to retain cash.

PERCENTAGE OF TOTAL ASSETS

	Printemps	Profit Leaders	Variance
Cash	6.50%	14.64%	(8.14)%
Accounts Receivable	31.82	28.60	3.22
TOTAL	38.32%	43.24%	(4.92)%

ACCOUNTS RECEIVABLE

There may be some reason for concern about Printemps' accounts receivable percentages. Remember, the balance sheet shows a company's financial picture only at a fixed point in time. It is possible that the accounts receivable are lower at other times in the sales year. But year after year, PIA Ratios have shown that firms like Printemps have a higher ratio of receivables to total assets on their balance sheets than do Profit Leaders. It appears logical to assume that the higher the sales, the larger the receivable balance. If a company's sales are increasing, there would be no cause for alarm. But usually that is not the case. High receivables may not be bad, but their cause should be investigated.

Among the possible reasons for higher accounts receivable is the tendency of many printers to rush "work-in-process" to completion at the end of the fiscal year so that the completed work will boost the "sales" category in their balance sheets. It also should be noted that web and sheet-fed printers who have long-run jobs may not be paid until the job is completed. When dealing with advertising agencies, printers may have to wait until the agency receives payment from its clients. In both instances, the wait can be long and costly, with high accounts receivable and slow cash collection periods.

PROMPT CASH COLLECTION

Let's go further into accounts receivable ratios. The time it requires to collect cash from customers after sales are made is referred to as the collection period of accounts receivable. The ratio between Printemps and Profit Leaders indicates how effective their collection procedures are. The sooner receivables are collected, the sooner the money can be put to use — to invest in more assets, to pay off liabilities, or to earn interest. As the collection period increases or decreases, it affects a company's cash, receivables, inventory, payables, and interest; in other words, it affects the company's entire operation.

The collection period is computed by dividing the average accounts receivable by the annual sales figure, and then multiplying the result by 365.

$$\text{COLLECTION PERIOD OF RECEIVABLES} = \frac{\text{AVERAGE ACCOUNTS RECEIVABLE}}{\text{ANNUAL SALES}} \times 365$$

This ratio reflects a company's credit and collection policies. Most printing firms have about one-sixth or 16.6% of their annual sales in accounts receivable. For example, if sales were $2,500,000, a typical firm would have $400,000 outstanding. Shortening the collection period reduces that portion of assets that are tied up in receivables and related interest costs.

PRINTEMPS' COLLECTION PERIOD OF RECEIVABLES............... 68.0 days

PROFIT LEADERS... 62.4 days

Printemps' collection procedures need improvement to compare favorably with Profit Leaders. A collection period of 68.0 days is much too long. All printers, including Profit Leaders, should make every possible effort to shorten collection periods. Some ways to do this are:

1. BILL CUSTOMERS AS SOON AS THE JOB IS COMPLETED, not at the end of the month as many printers do.
2. Offer effective incentives for customers to pay on time.
3. Seek good, credit-worthy customers.
4. If good customers are consistently slow paying, take into consideration the cost of maintaining large accounts receivable balances when pricing their work.

Usually a small percentage of a company's accounts receivable will not be paid and thus become bad debts. To show a more accurate picture of what actually will be collected, accounts receivable appear on the balance sheet offset by an allowance for estimated losses.

AVERAGE RECEIVABLES

Although in most cases there is little difference between credit sales and total sales in the printing industry, the ratio of the collection period for receivables should be calculated using only credit sales. Printers, with the exception of quick printers, rarely have cash sales. "Average receivables" is the sum of beginning-of-the-year receivables and end-of-the-year receivables divided by two:

$$\frac{\text{BEGINNING ACCOUNTS RECEIVABLE PLUS ENDING ACCOUNTS RECEIVABLE}}{2}$$

A better average may be derived by using the beginning of the year balance plus the end of each month's balance, divided by thirteen. The better an average you can calculate, the more accurate your collection period computation will be.

INVENTORY

A printer's inventory is the sum of work-in-process, paper and other chargeable materials and supplies. Finished goods inventory may be small or non-existent because the majority of a printer's sales are specialized, produced "to order" jobs.

While inventory may, at first glance, appear to be a simple and straightforward concept, inventory valuation methods vary among printers. The amount of a firm's inventory changes depending on the method used (FIFO, LIFO, etc.). Management must decide which practice is best for them.

Printemps' inventory represents 19.21% of its total assets, or 5.43% more than the Profit Leaders' inventory. It may or may not be carrying excessive inventory in stock. Either way, it should keep a perpetual inventory system. In addition, it should control and safeguard its inventory by taking a monthly physical count. Printemps' manager should make sure there are sufficient funds to pay current liabilities and that too much cash is not tied up in inventory.

Earlier, inventory turnover was cited as a critical ratio for improving a printer's trading cycle and increasing profits. The equation is:

$$\frac{\text{COST OF MATERIALS SOLD}}{\text{AVERAGE INVENTORY}} = \text{INVENTORY TURNOVER}$$

Printemps	Profit Leaders
3.34	3.67

The cost of materials sold is taken from the income statement, including paper and other chargeable material costs. Outside services, such as binding, are not included because they have no effect on inventory.

In those instances where customers supply paper, inventories will fluctuate and will possibly affect a printer's comparison of his inventory percentages to those in the Ratio Study. Parenthetically, when customers supply paper, a printer should still make a realistic handling and overhead charge for paper to cover his labor and warehousing costs, plus a profit mark-up.

Some financial analysts use sales of materials rather than the cost of materials in computing turnover. Since printers value inventories at cost, cost of materials sold gives a more accurate figure in calculating the ratio. Using the monthly average inventory is particularly important for printers because of the significant volume changes during the year. While a monthly inventory is, by far, the most highly recommended practice, some printers take inventory less often. If this is the practice in your plant, use the average annual inventory to calculate the ratio.

A low inventory turnover points to the possibility of a larger than necessary investment in inventory. A higher turnover implies better management and control. Printemps seems to be managing its inventory well.

WORK-IN-PROCESS TURNOVER

Managing work-in-process offers the greatest opportunity to improve inventory turnover. Profit potential is greater when a job is quickly shipped out of the plant, and rapid processing also enhances the company's capital position because less cash is tied up in inventory.

The formula for work-in-process turnover is:

$$\text{WORK-IN-PROCESS TURNOVER} = \frac{\text{COST OF PRODUCT PRODUCED (MATERIALS, LABOR, OVERHEAD)}}{\text{AVERAGE WORK-IN-PROCESS INVENTORY}}$$

Some printers have a fast turn-around from the time an order is put into production to its finished state. These firms will have less work-in-process. Other printers, because of the nature of their work, have a much longer production cycle and will have a significantly higher work-in-process inventory.

PAPER AND OTHER CHARGEABLE MATERIALS INVENTORY

Paper and other chargeable materials represent a substantial part of a printers' inventory. Inventory turnover improves when inventory levels are optimized and the storage time of materials (primarily paper) prior to production is reduced.

$$\frac{\text{PAPER USED}}{\text{AVERAGE PAPER INVENTORY}} = \text{PAPER INVENTORY TURNOVER}$$

$$\frac{\text{OTHER CHARGEABLE MATERIALS USED}}{\text{AVERAGE OTHER CHARGEABLE MATERIALS INVENTORY}} = \text{OTHER CHARGEABLE MATERIALS INVENTORY TURNOVER}$$

OTHER CURRENT ASSETS

Other current assets seldom play a significant role in ratio analyses because the percentages are usually small. Other current assets include various prepaid expense categories such as insurance, taxes, etc.

PROPERTY, PLANT AND EQUIPMENT

As mentioned before, printing companies must maintain a very high capital investment. New machinery costs are soaring. In many cases, used equipment is selling at prices close to the original new equipment price tag. As a result, equipment usually makes up a large portion of a company's assets. These assets are not for sale but are used in the operation of the plant. Property (with the exception of land), plant and equipment are depreciated over a period of time. Methods of depreciation vary; a printer usually uses one method of depreciation for tax purposes and another method for financial reporting or book purposes.

For book purposes, a printer may depreciate assets using the straight-line method over the estimated useful life of the asset. For tax purposes, printers may use the accelerated cost recovery system (ACRS) percentages as well as other methods to depreciate buildings and improvements, furniture and fixtures, machinery and equipment, and delivery vehicles.

	Printemps	Profit Leaders
NET PROPERTY, PLANT AND EQUIPMENT	39.12%	36.93%

Printemps' property, plant and equipment percentage is higher than that of the Profit Leaders. These percentages may vary considerably among different types of printers and different circumstances. For example, it may be advantageous for one printer to own his plant, while another printer living in a region with different real estate costs may be better off leasing his space. Machinery and equipment percentages may also vary widely depending on the processes each printer uses.

More important than the percentage of fixed assets owned, Printemps' manager should consider the following:

1. Is equipment being operated at capacity?
2. Is the company using outdated, inefficient equipment?
3. Can extra space held for future expansion be temporarily leased?

OTHER ASSETS

Other assets are usually those which will not be converted into cash within a period of one year. They may include deposits on equipment, the cash surrender value of officers' life insurance, and goodwill. Generally, other assets are not a significant part of the balance sheet.

LIABILITIES AND EQUITY

The liability and equity section of the balance sheet shows how each dollar of assets is distributed:

LIABILITIES ($) -----------> OBLIGATIONS

EQUITY ($) -----------> OWNERSHIP

Liabilities are divided into current and long-term liabilities. First we will examine Printemps' current liabilities, and then discuss its long-term liabilities.

CURRENT LIABILITIES

Current liabilities usually are obligations that fall due within a period of a year and are paid out of current assets. They include obligations generated by the operating cycle, such as money owed to vendors for materials and supplies, sales billed in advance of delivery, employees' salaries, interest, the current portion of principal payments due on notes, income taxes, and any other payable which is due in the next operating period.

	Printemps	Profit Leaders	Variance
Notes Payable	15.20%	5.88%	(9.32)%
Accounts Payable	17.26	10.97	(6.29)
Other Current Liabilities	10.02	11.05	1.03
	42.48%	27.90%	(14.58)%

It is obvious that Printemps has too much short-term debt. If the accounts receivable collection period is too long, as we have previously calculated, a situation may arise where Printemps does not have sufficient cash to pay its short-term creditors promptly.

Other current liabilities may include payroll taxes due, employees' withholding taxes, sales tax collected, accrued expenses such as interest, business taxes, payroll and vacation payroll, income taxes payable and others.

One current liability that printing firms often handle poorly is "Advance Collections." The following example shows how this account should be used.

A customer may ask for an advance billing, and the printer lists this as an Accounts Receivable and an Advance Billing account in his records. If this situation still exists at the Balance Sheet date, the original entry should be reversed and neither Accounts Receivable nor Advance Billing appear on the Balance Sheet.

When the customer pays, only the account "Advance Billing" is left, because the corresponding Receivable has been paid. In this case, it is necessary to reclassify the Advance Billing that has been paid as an Advance Collection. This Advance Billing situation occurs in many printing companies. Proper accounting is important.

DEFERRED INCOME TAXES

Deferred income taxes arise when income and expense items are reported for financial accounting and tax purposes in different time periods. For the majority of printing firms the principal difference is the use of accelerated depreciation for tax purposes. Generally accepted accounting practices require that taxes are provided on book profits, the amount of current tax is reduced and the balance is deferred.

LONG-TERM DEBT

Long-term debt provides a major source of funds to finance a printer's assets. It includes debt that will be paid some time beyond the current period (a firm's 12-month financial or operating year). Most of a printer's long-term debt is in the form of bank loans, mortgages or leases. Some large printers may issue bonds.

	Printemps	Profit Leaders	Variance
Long-Term Liabilities	25.32%	19.91%	(5.41)%

Again, Printemps' ratios show that it has too much debt. Perhaps Printemps' management has not pursued better financing methods. Has management considered issuing additional capital stock to obtain funds? Will Printemps be able to meet its financial obligations when they become due?

EQUITY

A company's equity is the amount of investment the owners have made in the company. The term "Proprietor's Equity" refers to the investment a single owner has in his unincorporated business. "Shareholders' Equity" is used when speaking of a corporation because corporations issue common stock. The owners of the common stock are the shareholders. The term "Partners' Equity" is used for a partnership. This discussion will be about "Shareholders Equity" because most printing firms are corporations.

Shareholders' Equity may include the following accounts:

Common Stock
Preferred Stock
Additional Paid-in Capital
Retained Earnings
Treasury Stock

CONTRIBUTED CAPITAL

The term "capital stock" is sometimes used to designate all of a corporation's issued stock, both common and preferred. The capital stock value is computed by multiplying the par value (original face value) of each share by the number of shares issued.

For example, if Printemps issued 2,500 shares of common stock and the par value is $10 per share, the total dollar value of common stock would be $25,000. (2,500 shares X $10 a share = $25,000.)

Stock does not have to be issued at par value. If shares are sold at a price higher than par, the additional funds received will appear as "Additional Paid-In Capital" on the balance sheet.

Preferred stock is another type of security a company may issue to raise funds. Issuing preferred stock is optional and many companies do not issue this kind of security.

RETAINED EARNINGS

Retained earnings are a company's accumulated profits (and losses) that have not been paid out to shareholders as dividends. The earnings are reinvested in the company in the form of assets (cash, accounts receivable, inventories, property, plant or equipment, etc.).

DEBT/EQUITY STRUCTURE

Printemps' percentage of Shareholders' Equity to all debt and equity is 32.20%. Its total debt percentage is 67.80%. The Profit Leaders' ratios are reversed — their shareholders' equity percentage is higher than their debt percentage.

	Printemps	Profit Leaders
Total Liabilities	67.80%	47.81%
Shareholders' Equity	32.20	52.19

Many factors make it difficult to pinpoint the perfect debt/equity structure of a printing company — the form of operations, the company's financial goals, the company's cost of capital, interest rates, etc. However, printing industry trends show that Profit Leaders consistently have a larger percentage of equity than debt.

TOTAL EQUITY AS A PERCENTAGE OF DEBT AND EQUITY

	PIA Ratio Studies*					
	1986	1985	1984	1983	1982	1981
All firms	37.84%	37.17%	39.32%	41.55%	42.18%	44.23%
Profit Leaders	53.23	50.42	55.25	57.89	54.88	54.08

* These ratios are from all firms reporting.

BALANCE SHEET

	PRINTEMPS		PIA HIGH PROFIT STANDARDS ($5,000,000-$10,000,000)	
ASSETS	DOLLARS	% OF TOTAL ASSETS	% OF TOTAL ASSETS	DIFFERENCE MORE (LESS)
CURRENT ASSETS				
Cash	$ 266,500	6.50%	14.64%	(8.14)%
Receivables	1,304,620	31.82	28.60	3.22
Inventories	787,610	19.21	13.78	5.43
Other current assets	65,600	1.60	3.89	(2.29)
TOTAL CURRENT ASSETS	2,424,330	59.13	60.91	(1.78)
PROPERTY, PLANT AND EQUIPMENT				
Real estate	1,150,050	28.05	15.01	13.04
Less: Accumulated depreciation	534,230	13.03	4.39	8.64
	615,820	15.02	10.62	4.40
Machinery and equipment	2,103,300	51.30	59.60	(8.30)
Less: Accumulated depreciation	1,154,150	28.15	35.82	(7.67)
	949,150	23.15	23.78	(0.63)
Other fixed assets	209,100	5.10	6.02	(0.92)
Less: Accumulated depreciation	170,150	4.15	3.49	0.66
	38,950	0.95	2.53	(1.58)
NET PROPERTY, PLANT AND EQUIPMENT	1,603,920	39.12	36.93	2.19
OTHER ASSETS	71,750	1.75	2.16	(0.41)
TOTAL ASSETS	$4,100,000	100.00%	100.00%	0.00%
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	$ 623,200	15.20%	5.88%	9.32%
Accounts payable	707,660	17.26	10.97	6.29
Other current liabilities	410,820	10.02	11.05	(1.03)
TOTAL CURRENT LIABILITIES	1,741,680	42.48	27.90	14.58
LONG-TERM LIABILITIES	1,038,120	25.32	19.91	5.41
TOTAL LIABILITIES	2,779,800	67.80	47.81	19.99
SHAREHOLDERS' AND PROPRIETORS' EQUITY	1,320,200	32.20	52.19	(19.99)
TOTAL LIABILITIES AND EQUITY	$4,100,000	100.00%	100.00%	0.00%

INTERRELATED RATIOS OF THE BALANCE SHEET

We will now examine ratios that relate to both sides of the balance sheet and, when evaluated with other ratios, offer significant information to the printing manager. Some ratios will include factors from both the operating statement and the balance sheet. These ratios provide the best information about the financial health of a company, if they are viewed together.

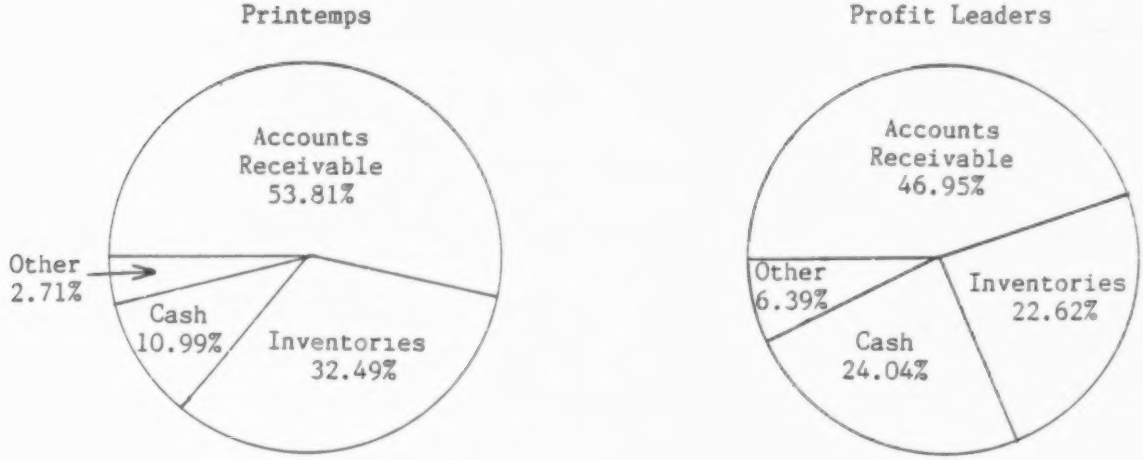
Four types of ratios will be used to analyze Printemps' financial position.

Type of Ratio	What It Does
1. Liquidity	Measures Printemps' capability to meet short-term obligations.
2. Activity	Measures Printemps' effectiveness in using its assets.
3. Leverage	Measures Printemps' ability to meet short-term and long-term debt.
4. Profitability	Indicates Printemps' return on assets.

LIQUIDITY RATIOS OF WORKING CAPITAL

Adequate working capital is necessary for a company to meet current debts, carry sufficient inventories and take advantage of cash discounts.

WORKING CAPITAL
PERCENT OF CURRENT ASSETS



These charts show that Profit Leaders have proportionately more cash and less receivables and inventory than Printemps.

Working capital is the difference between current assets and current liabilities. Printemps' working capital in dollars is $682,650.

Current Assets	$2,424,330
Current Liabilities	1,741,680
Difference - Net Working Capital	$ 682,650

Is $682,650 enough working capital for smooth operations at Printemps? Does Printemps have enough liquidity or too much? Does Printemps have too little cash? The following two ratios give us insight to the liquidity question.

> CURRENT RATIO - The current ratio measures a company's ability to meet short-term obligations, thus playing a key role in determining whether there is adequate working capital. It is computed by dividing current assets by current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
1.39	2.18

Printemps' ratio of 1.39 means that for every dollar of current liabilities, there is $1.39 in current assets. Historically, Profit Leaders have had current ratios above 2.0, and this has been considered satisfactory. Although many firms functioned well in the past with a lower ratio, today's companies tend to have longer inventory conversion periods and longer collection periods for accounts receivable.

Printemps' current ratio of 1.39 may indicate a cash shortage. There seems to be inadequate cash to pay short-term debts, a situation that needs immediate improvement. On the other hand, a very high current ratio might indicate that a printer is not using funds wisely. When current ratios are high, the company's assets may be used elsewhere more effectively, perhaps by buying additional machinery and equipment to expand or improve operations.

Some people say that doing business with other people's money, "trading on equity," is good business. This is rarely true. If the current ratio is lowered by too much debt, assets such as inventory and cash will not be available when needed.

Also, when working with an excessive amount of other people's money, a demand for cash repayment of the loan can prevent a printer from investing current assets profitably in his own business. It can prevent him from buying and discounting, and can affect his credit with banks which, in turn, can hinder the purchase of fixed assets. In short, working with other people's money makes the lender a partner who is mainly concerned with his money and interest, not your business.

QUICK RATIO - A better liquidity ratio is the quick ratio, also called the acid test ratio. The quick ratio differs from the current ratio because it eliminates inventories from Current Assets (the numerator). This is done because inventories are the least liquid of current assets, and sometimes distort the analysis. The formula for the quick ratio is:

$$\text{Quick Ratio} = \frac{\text{Current Assets Minus Inventory}}{\text{Current Liabilities}}$$

Printemps	Profit Leaders
0.94	1.69

Again Printemps shows the same weak position as in the current ratio since its inventories are high.

ACTIVITY RATIOS

Activity ratios indicate the effectiveness with which a company uses its assets. Inventory turnover and the collection period of receivables are Activity Ratios that were discussed previously.

LEVERAGE RATIOS

Leverage ratios reflect a company's total debt -- short-term and long-term. This ratio is important to a printing manager, particularly if his company is expanding and needs debt financing. He will want his company's leverage ratios to compare favorably with those of the printing industry. This is a factor that lending institutions will look at closely because it measures the relationship between shareholders' funds and borrowed funds.

Printers should consider the two debt-to-equity ratios analyzed below:

		Printemps	Profit Leaders
1.	$\frac{\text{Total Liabilities}}{\text{Equity}}$ =	2.11	0.92
2.	$\frac{\text{Long-Term Liabilities}}{\text{Equity}}$ =	0.79	0.38

The first debt to equity ratio shows that for every dollar in shareholders' equity, Printemps has $2.11 in liabilities. Profit Leaders, on the other hand, have only $0.92 in liabilities per shareholder dollar. It's hard to say what the perfect combination should be. Interest and principal payments usually make the use of borrowed funds riskier than the use of ownership funds. Dividends to shareholders are usually at the discretion of corporate directors and invested capital does not have to be repaid.

The second leverage ratio measures the proportion of long-term debt to equity. Again, no one can say what the acceptable ratio is for a particular company. The ratio for Printemps is 0.79 and for the Profit Leaders it is 0.38. Generally, the ratio has been rising steadily for all firms, and has been slowly decreasing for Profit Leaders. This trend seems to indicate that the Profit Leaders are becoming more financially secure, and that printing managers should try to obtain shareholders' equity as a source of funds.

It is clear, however, that Printemps' ratios are too high in both of these areas. They are highly leveraged and any adverse business climate could create substantial problems in the area of debt repayments.

PROFITABILITY RATIOS

Most of the profitability ratios are dealt with in the income statement. However, one major profitability ratio measures how effectively the company's investment (see balance sheet) has been used to produce that profit. This ratio is called the Return On Investment (ROI) and is discussed in a later section.

MEANING OF SIGNIFICANT FACTS

Significant facts in these ratios are particularly important statistics for printers. They are as meaningful as financial statements. Often, they offer the lowest common denominator which can be easily managed to produce higher profits.

INVESTMENT

Our objective in this section is to analyze assets used per employee. From the information found in the significant facts section, you will see that High Profit companies consistently invest more assets per employee. As sales volume increases, assets invested per employee also increase. Significant facts related to investment are defined and explained below.

Assets per Employee - All Employees	=	$\frac{\text{Assets (Net)}}{\text{Number of All Employees}}$	=	This ratio includes all assets -- current, fixed (net of depreciation), and others. It indicates the adequacy of the funds employed.
Assets per Factory Employee	=	$\frac{\text{Assets (Net)}}{\text{Number of Factory Employees}}$	=	This ratio is similar to the one above, but shows assets per factory employee.
Average Net Worth per Employee	=	$\frac{\text{Shareholders' Equity}}{\text{Number of All Employees}}$	=	This figure tells what part of the first ratio (assets per employee) is funded by shareholders' investment.
Average Gross Plant Investment per Factory Employee	=	$\frac{\text{Plant Machinery and Equipment (Gross)}}{\text{Number of Factory Employees}}$	=	This is a "key fact". It is obvious that the trend is toward more equipment per factory employee.
Net Worth Percentage of Fixed Assets	=	$\frac{\text{Shareholders' Equity}}{\text{Fixed Assets (Net)}}$	=	This ratio indicates the relationship between funding fixed assets and shareholders' equity. Fixed assets should never be funded with current debt, but with long-term debt and shareholders' equity. This equity should also fund about 50% of all assets -- an indication of funding strength.

SALES

These ratios provide information on sales per employee. They are given twice; once including executives and then without the executives. Here we will discuss statistics which exclude executives. The following formulas are particularly interesting:

Sales per Employee = $\frac{\text{Sales}}{\text{Number of All Employees}}$ = This is an invaluable number. The only better ones are the two ratios below.

Sales per Factory Employee = $\frac{\text{Sales}}{\text{Number of Factory Employees}}$ = This is a refined number of sales produced per factory employee.

Sales Less Materials per Factory Employee = $\frac{\text{Sales Less Materials}}{\text{Number of Factory Employees}}$ = This ratio is the Value Added per factory employee — one of the most important ratios in the Ratio Study. You must know this number and plan to improve it; the end result will be improved profit.

EMPLOYEE DISTRIBUTION

This part of significant facts presents the distribution of employees by department on a percentage basis. For example, for all firms reporting in the PIA Ratio Study, the distribution is:

Factory	73.89%
Administrative	14.30
Sales	11.81
	100.00%

The most important element here is the percentage of factory employees. A firm with a disproportionate high number of factory employees and relatively too few administrative and sales employees is rare. Factory employees produce the product and their productivity generates revenue.

Often, a very simple analysis will provide an indicator of productivity. The question to ask is: Are there enough factory employees to produce the product, to support the overhead and provide a profit? This question may seem elementary, but in many cases the answer turns out to be a revelation.

Note that the percentage of factory employees is about 70% for very small firms, and rises to approximately 82% of all employees for the largest firms. Each sales class has a specific characteristic — a very simple, but valid relationship. Significant facts will help you determine whether your firm has too many or too few employees for the amount of business you do -- and will point to possible weaknesses in your personnel structure.

SALES PER SALESMAN

This ratio is computed as follows:

$$\frac{\text{Sales Produced by Salesmen}}{\text{Number of Salesmen}}$$

To use this ratio properly, you must be very careful to refer to the PIA data that matches as closely as possible your firm's sales volume, product and process specialties.

In analyzing the significant facts section, we note that sales per salesman in a small firm is approximately $135,000. The figure rises to approximately $1,730,000 for firms with sales over $10,000,000. This rise occurs throughout sales classes.

You must zero in on your sales class and relate your figures to the product and process specialties in the other PIA books in this series. Data for publications printing will differ from that for commercial printing; data from web-offset companies will be different from sheetfed offset company data.

PAYROLL

Payroll statistics are computed in two ways. In the first way, data will include payroll taxes, fringe benefits and executive compensation. In the second way, payroll taxes, fringe benefits and executive compensation are excluded. Executive payroll will be carried as a separate section in the second category.

The first item is total payroll as a percentage of sales. This includes factory, administrative and sales payroll:

$$\frac{\text{All Payroll Costs}}{\text{Sales}}$$

This ratio is affected by a firm's size. Payroll as a percentage of sales shows a definite downward trend as the size of the firm increases.

The next ratio is factory payroll as a percentage of gross plant investment. It is computed as:

$$\frac{\text{Factory Payroll}}{\text{Machinery and Equipment (Gross)}}$$

On average, this ratio is 81%. That is, for every dollar of gross plant investment payroll costs are $0.81. This ratio requires careful evaluation because it doesn't necessarily tell the full story. If the company is fully equipped, a higher ratio would indicate a maximum use of equipment. However, even with inadequate plant facilities, it is possible to have a ratio greater than 81%. Again, careful evaluation is necessary to obtain correct answers.

Payroll per employee. This category provides a dollar amount of payroll per employee. This data is divided by factory, administrative and sales employee, and is presented for "All Firms" and "Profit Leaders" in each sales class.

Please note that, in some cases, Profit Leaders pay less per employee. However, don't think that higher profit is necessarily the result of lower payroll costs. While Profit Leaders have a lower relative payroll cost, we have established that the lower cost is related to a higher capital investment per employee and a greater Value Added per factory employee.

A separate subheading in this category deals with the payroll per executive compared to all employees, and then again, it is broken down in more detail per factory, administrative and sales executive.

PROFIT

Gross profit percentage is computed as follows: first, determine your gross profit (sales less the cost of goods manufactured). Then relate gross profit to sales.

$$\frac{\text{Gross Profit}}{\text{Sales}} = \text{Gross Profit as a Percentage of Sales}$$

	All Firms	
	All Firms	Profit Leaders
Gross Profit as a Percentage of Sales	23.29%	28.27%

Small and medium-sized firms require a higher gross profit percentage. In firms with up to about $10,000,000 in sales, the High Profit standard is approximately 29% of gross profit. For firms with sales greater than $10,000,000, the gross profit required becomes less because of relatively lower administrative and selling expenses.

Many printers search for a mystical formula to produce high profits. That formula need not be as mystical as they think. There really is a way to produce a higher gross profit, which in turn leads to higher net profits. The sources of higher profit are in:

- Pricing
- Material costing and control
- Increased Value Added per factory employee
- Expense control

An excellent lowest common denominator with which to gauge your profit performance is the average gross profit per factory employee. It is computed as follows:

$$\frac{\text{Total Gross Profit}}{\text{Number of Factory Employees}} = \begin{array}{l}\text{Average Gross Profit}\\ \text{Per Factory Employee}\end{array}$$

Another interesting statistic is average net profit before taxes per employee. For All Firms, this figure is $2,822 as compared to $9,811 for Profit Leaders.

Income before taxes as a percentage of sales, for all printing firms, was 3.33%; Profit leaders earned 11.94%. The percentage for All Firms is much too low, representing a dismal 6.47% Return on Investment. High Profit firms realized 15.39% Return on Investment.

RETURN ON INVESTMENT

After your bills are paid, where do you put your excess cash? Most of us put it where we can get the highest return, consistent with safety. If, for example, you could get 8% on U. S. Treasury Bonds, you wouldn't be satisfied with a 6% return. Yet, the average printing firm produces only a 6% Return on Investment.

Return on Investment (ROI) refers to the capital used to produce income. It is a very simple computation:

$$\frac{\text{Income}}{\text{Assets}} = \text{Return on Investment (ROI)}$$

ROI Ratios: All Firms - 6.47%; Profit Leaders - 15.39%

Return on Investment (ROI) incorporates the two major factors in measuring profits -- income and investment. For this reason it is considered the most comprehensive measure of profitability. There often is disagreement as to whether net assets or gross assets should be used to compute ROI. A more detailed explanation is presented in GROSS ASSETS VS. NET ASSETS (page 60).

ROI is gaining more and more acceptance as a measure of profitability in printing companies. This is due to the fact that printing is a capital intense industry and printing firms generally have high fixed assets against which their profit performance is measured.

PIA is a strong advocate of the ROI concept and consistently urges that its members become familiar with it and use it to measure their company's performance. Since ROI was introduced in the 1967 PIA Ratio Books, the Individual Computer Printout has been expanded to include ROI, an entire annual PIA financial meeting has been devoted to the concept, and PIA conducted a special historical case study on ROI. This study revealed a decline in investment turnover and showed the effect of this decline on the ROI rate when there is not a corresponding increase in profit as a percentage of sales.

DEFINING RETURN ON INVESTMENT

The ROI ratio produces, as a percentage, an annual rate of return on assets used to produce income. It is the same as an annual interest rate that one would receive on a bond or other type of investment.

The simple ROI formula is a reduction of the following ratios:

$$\frac{\text{Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} = \text{ROI}$$

or,

$$\frac{\text{Income}}{\text{Assets}} = \text{ROI}$$

The first fraction is income as a percentage of sales (income divided by sales). This is the percentage which requires special attention to improve your ROI. We will discuss this further under the heading, "Return on Investment Dilemma."

The second fraction is called "investment turnover" or "asset turnover" (sales divided by assets).

Although in the original formula, "sales" in the denominator of the term, "income as a percentage of sales," and the "sales" in the numerator of "investment turnover" cancel out each other mathematically, it is important to consider these two fractions as dynamic elements in ROI management.

Here is an example of an ROI computation:

Sales	\$1,000,000
Profit before Taxes	90,000
Assets	500,000

$$\frac{\$\ 90{,}000 \text{ Income}}{\$1{,}000{,}000 \text{ Sales}} \times \frac{\$1{,}000{,}000 \text{ Sales}}{\$\ 500{,}000 \text{ Assets}} = \text{ROI}$$

$$9\% \times 2 = 18\% \text{ ROI}$$

In the PIA Ratios, income is...

...income before interest expense, other income and taxes.

Assets are...

...gross assets employed before deduction of accumulated depreciation and amortization.

As these are not commonly used definitions, we will discuss them in more detail.

Income Before Interest, Other Income and Taxes. When we refer to income in the PIA Ratio Study we mean income before interest, other income and taxes. Other financial studies compute ROI on after-tax profit. Their reasoning is that taxes are expenses, just like any other expenses. However, since the amount of tax varies so widely from one situation to another, tending to distort any comparisons, computing ROI before taxes provides a more meaningful standard.

By using profit before interest expense, we are able to compare the Return on Investment from operations, excluding interest which is really a cost of raising capital. For example, if your Return on Investment is 18% and your cost of interest is 12%, it pays to borrow funds which will, in turn, produce a greater return. Conversely, it would not pay to borrow funds at an interest rate greater than your ROI. It becomes clear that if interest were deducted from gross profit before determining ROI, one could not make a valid comparison between ROI and the cost of capital.

Non-operating income and expenses normally are excluded from our calculations. It is important that you also remove non-operating assets from your investment figure.

DEPRECIATION

Some printers, for financial or tax reasons, compute depreciation by accelerated depreciation methods. This produces higher depreciation in the early years of an asset's life than does the straight-line method. If your company uses an accelerated depreciation schedule, the excess depreciation should be added back into profit in order to compute ROI.

Some people theorize that depreciation should not be deducted from income for ROI purposes because accumulated depreciation is not deducted from fixed assets in arriving at total investment or assets. However, this concept does not have too many advocates.

VALUATION OF ASSETS

There are four ways to look at asset-valuation bases:

- Gross Assets at Book Value - Assets are at their original cost without deduction for accumulated depreciation.

- Net Book Value - Assets are valued at original cost less accumulated depreciation.

- Replacement Value - This is the same as Gross Assets, but adjusted for the difference in their replacement cost.

- Market or Actual Cash Value - Similar to Net Book Value, but asset costs have been changed to reflect replacement cost less the proportional accumulated depreciation.

Each of these ways of valuing fixed assets has considerable merit. The Replacement Value and the Replacement Value less Accumulated Depreciation are approaches you may want to use on your own as they can be very meaningful, depending on your circumstances and objections. For internal management purposes use the most accurate value of your equipment that you can. In these PIA Ratio Studies, however, we are limited to determining ROI by Gross Assets at Book Value and Net Book Value.

GROSS ASSETS VS. NET ASSETS

ROI has substantially different results when computed on Gross Assets and on Net Assets. For a number of years, the PIA Ratio Studies have determined ROI based on Gross Assets. This is the so-called DuPont method, which has the advantage of alerting management when ROI begins to decrease and equipment needs to be replaced.

Under the Net Asset method, a higher ROI may justify continued use of existing equipment. The Gross Asset basis has its purpose, but it is not as accurate as the Net Asset method.

ROI based on Net Assets is computed as follows:

$$\frac{\text{Income Before Taxes, Interest, and Other Income or Expense}}{\text{Assets Less Accumulated Depreciation}}$$

For "All Firms", this is 9.44%; for "Profit Leaders", 21.14%.

The net asset method may produce a more valid operational ROI and a more accurate computation.

WHAT IS A FAIR ROI?

The "All Firms" ROI of 6.47% on gross assets and 9.44% on net assets is hardly adequate to justify investment. The "Profit Leaders" ROI is 15.39% on gross assets and 21.14% on net assets. High-profit companies appear to achieve an ROI more commensurate with the economic risk.

There are substantial risks in the printing industry and, therefore, the return related to that risk should be significantly higher than prevailing interest rates. Generally, a fair ROI should exceed 20% on a new-asset venture, or 30% on net assets.

RETURN ON INVESTMENT DILEMMA

Because ROI is determined by multiplying "Income as a Percentage of Sales" by "Investment Turnover", it appears that we could increase our ROI by increasing one or the other factor, or both. This is true. But some background is necessary first. We will limit our statistics to the Profit Leaders.

Currently, the investment turnover for Profit Leaders is 127.00%. This means that these firms achieved $1.27 in sales for every $1.00 of assets employed. Let's look at the recent historical record of investment turnover.

1986	127.00%
1985	129.87
1984	131.54
1983	131.84
1982	141.56
1981	142.49
1980	141.42

Until 1982, investment turnover remained rather steady. Since then, however, there has been a downward trend in the investment turnover. The increasing capital cost of printing equipment accounts for this downward trend. By comparison, the income for Profit Leaders has remained fairly level during this period. Therefore, as the cost of equipment increases, the need for increased income becomes necessary to achieve and maintain a fair Return on Investment.

The following example explains how this would apply to your firm:

	Old	New
Equipment..............................	$ 50,000	$200,000
Investment Turnover....................	200%	140%
Desired Return on Investment...........	20%	20%

Return on Investment = Investment Turnover x Profit as a Percentage of Sales.

ROI	=	$\frac{\text{Income}}{\text{Sales}}$	x	$\frac{\text{Sales}}{\text{Assets}}$	Profit Needed As A Percentage of Sales
Old 20%	=	$\frac{\$\ 10,000}{\$100,000}$	x	$\frac{\$100,000}{\$\ 50,000}$	10%
New 20%	=	$\frac{\$\ 40,000}{\$280,000}$	x	$\frac{\$280,000}{\$200,000}$	14.3%

To maintain the desired 20% ROI, you would need a profit of 14.3% on sales with the new equipment, compared to a 10% profit on sales with the old equipment.

There are two traps to avoid in ROI:

1. When you increase your working assets, such as equipment, you must also increase your profit as a percentage of sales to maintain a fair Return on Investment. If you don't, your ROI will suffer.

2. Your new selling price with a higher profit mark-up may be lower than your price using the old equipment. The new equipment should produce a lower unit selling price despite the higher cost rates and higher required profit margin, because the new equipment should be more efficient. If this is not true, there is no economic justification for replacing old, less expensive, (less capital intense) equipment with new, more expensive (more capital intense) equipment.

YOUR ULTIMATE GOAL: THINKING ROI

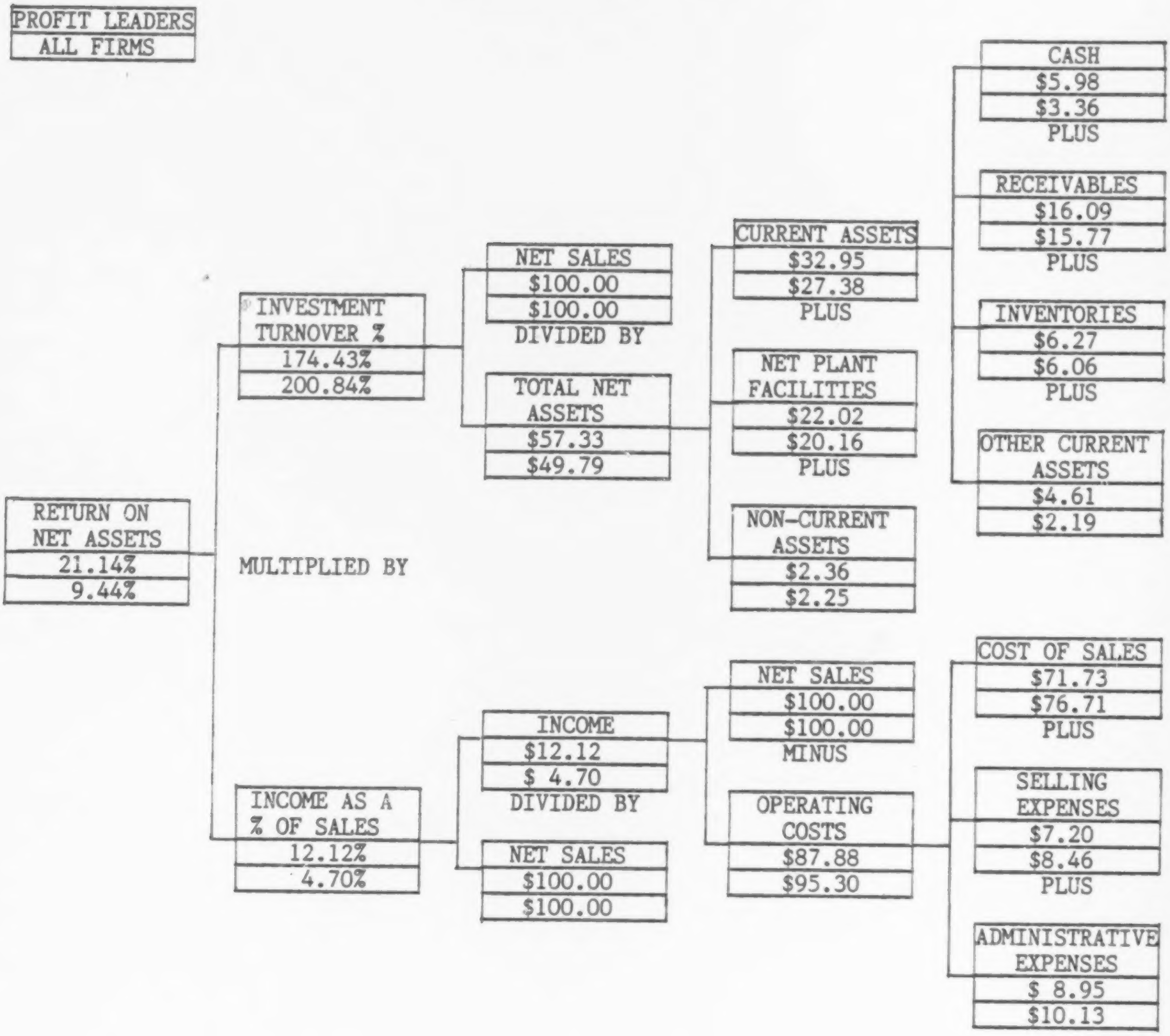
Thinking ROI is like working backwards. Thus, a knowledgeable printing manager might plan along these lines:

1.	Capital to be employed	$400,000
2.	Desired ROI: 20% of capital employed	80,000
3.	Sales to be achieved from new assets employed: 140%	560,000
4.	Required profit as a percentage of sales:	$\frac{\$\ 80,000}{\$560,000} = 14.3\%$

This example shows that you must strive for a 14.3% profit on sales to produce a 20% ROI on the capital you employ.

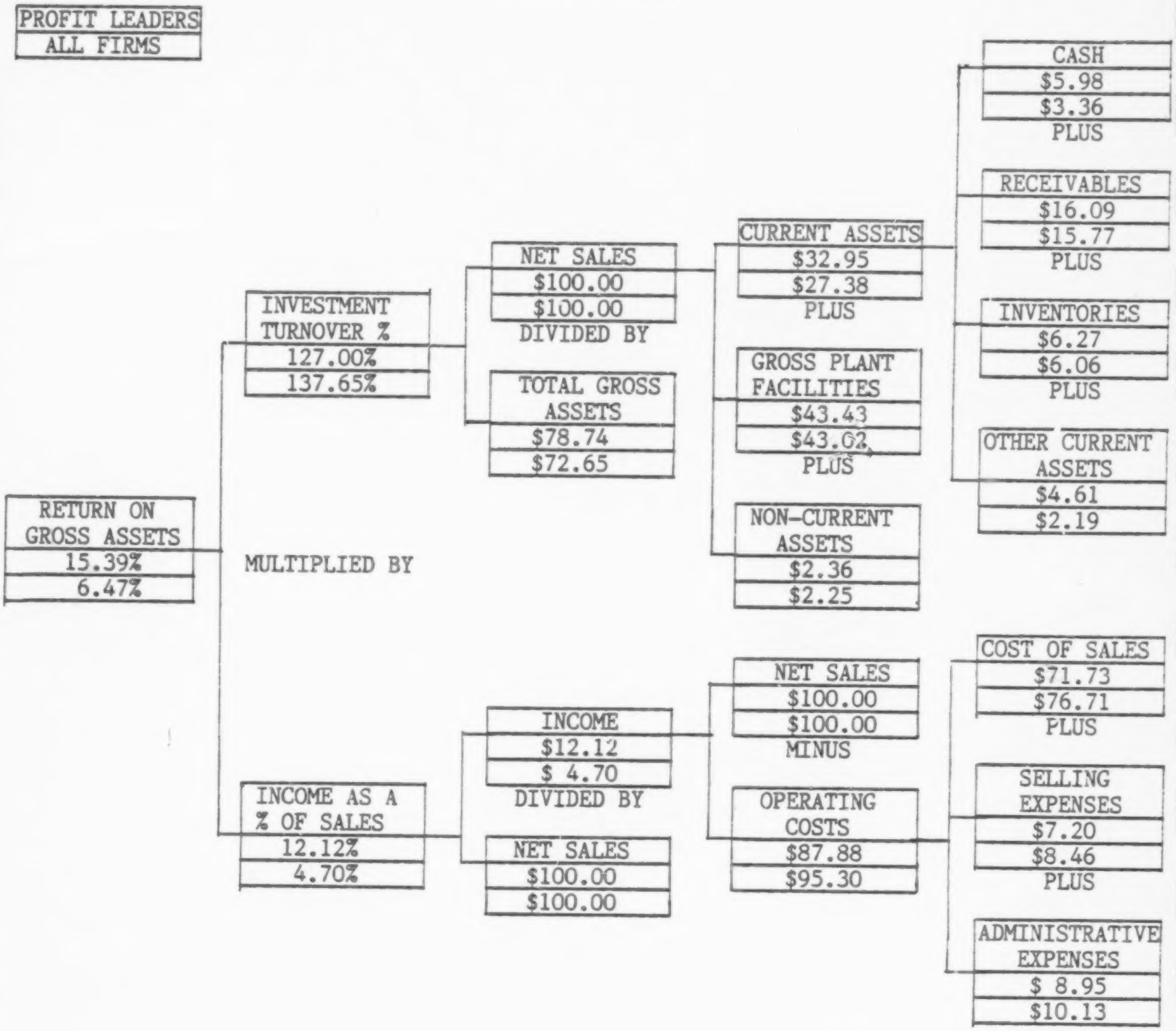
In conclusion, while profit as a percentage of sales must be maximized, make every effort to increase the investment turnover and thus derive a strong Return on Investment.

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES
(NET ASSETS)


PROFIT LEADERS
ALL FIRMS
RETURN ON NET ASSETS
21.14%
9.44%
MULTIPLIED BY
INVESTMENT TURNOVER %
174.43%
200.84%
NET SALES
$100.00
$100.00
DIVIDED BY
TOTAL NET ASSETS
$57.33
$49.79
CURRENT ASSETS
$32.95
$27.38
PLUS
NET PLANT FACILITIES
$22.02
$20.16
PLUS
NON-CURRENT ASSETS
$2.36
$2.25
CASH
$5.98
$3.36
PLUS
RECEIVABLES
$16.09
$15.77
PLUS
INVENTORIES
$6.27
$6.06
PLUS
OTHER CURRENT ASSETS
$4.61
$2.19
INCOME AS A % OF SALES
12.12%
4.70%
INCOME
$12.12
$ 4.70
DIVIDED BY
NET SALES
$100.00
$100.00
NET SALES
$100.00
$100.00
MINUS
OPERATING COSTS
$87.88
$95.30
COST OF SALES
$71.73
$76.71
PLUS
SELLING EXPENSES
$7.20
$8.46
PLUS
ADMINISTRATIVE EXPENSES
$ 8.95
$10.13

RETURN ON INVESTMENT (ROI) CHART - ALL PRINTERS

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES
(GROSS ASSETS)

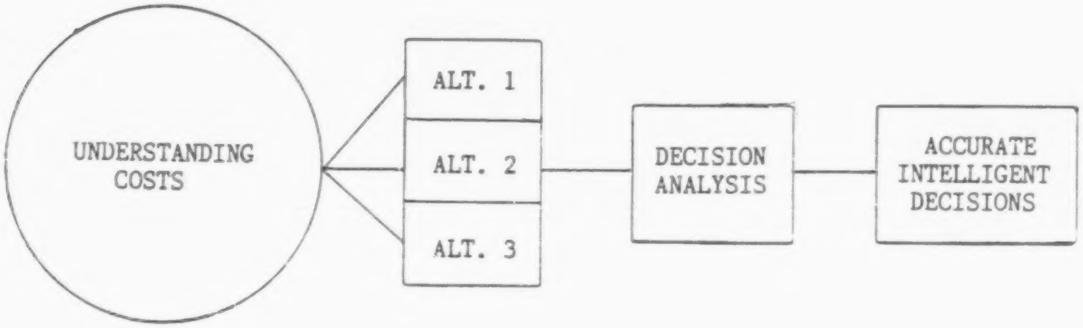

PROFIT LEADERS
ALL FIRMS
RETURN ON GROSS ASSETS
15.39%
6.47%
MULTIPLIED BY
INVESTMENT TURNOVER %
127.00%
137.65%
NET SALES
$100.00
$100.00
DIVIDED BY
TOTAL GROSS ASSETS
$78.74
$72.65
CURRENT ASSETS
$32.95
$27.38
PLUS
GROSS PLANT FACILITIES
$43.43
$43.62
PLUS
NON-CURRENT ASSETS
$2.36
$2.25
CASH
$5.98
$3.36
PLUS
RECEIVABLES
$16.09
$15.77
PLUS
INVENTORIES
$6.27
$6.06
PLUS
OTHER CURRENT ASSETS
$4.61
$2.19
INCOME AS A % OF SALES
12.12%
4.70%
INCOME
$12.12
$ 4.70
DIVIDED BY
NET SALES
$100.00
$100.00
NET SALES
$100.00
$100.00
MINUS
OPERATING COSTS
$87.88
$95.30
COST OF SALES
$71.73
$76.71
PLUS
SELLING EXPENSES
$7.20
$8.46
PLUS
ADMINISTRATIVE EXPENSES
$ 8.95
$10.13

A BREAK-EVEN ANGLE TO COST/VOLUME/PROFIT

Costing and pricing decisions can "make or break" a printing manufacturer. The printer is faced constantly with decisions about selling prices, fixed costs and variable costs. These decisions can be made intelligently if the printer fully understands and uses pricing techniques and cost-volume-profit relationships.

Of course, there are some factors a printer cannot control. Competition and market pressures will influence pricing decisions. Likewise, although costs do not determine the sales price, they do influence what that price will be. Understanding cost behavior enables the printer to make accurate predictions, thus ensuring good pricing and other financial management decisions. Using these concepts, a printer can more easily answer questions such as:

What printing techniques are most profitable?
Are we charging enough?
Should we concentrate on web sales?
Are we getting the most out of our press?
Could we expand? Should we expand?



COST KNOWLEDGE

Break-even analysis is the springboard to understanding cost behavior and the printer equipped with good cost knowledge will be able to manage and control expenses more efficiently. Throughout this discussion, keep in mind that printing is highly specialized and normally does not have "shelf items" to sell. Also, we must recognize that while break-even analysis may be of more benefit to some printers than to others, all printers will be able to utilize its basic concepts in making good financial decisions. A printer may use the analysis on a job-by-job basis to determine whether to accept or reject certain jobs, or may use it to project one-year operating results for the company. Similarly, the analysis may provide good answers to other key questions.

BREAK-EVEN POINT

The break-even point is the point at which sales and expenses are equal, that is, the point at which the profit is zero.

B/E POINT: SALES - EXPENSES = $0.00

A printer obviously wants to do better than break even. There would be no point to remaining in business if this was all he could look forward to. Break-even analysis encompasses much more than breaking even. It can determine what volume of printing must be generated and sold to reach a desired income level. It also can determine which jobs are profitable, and which are not.

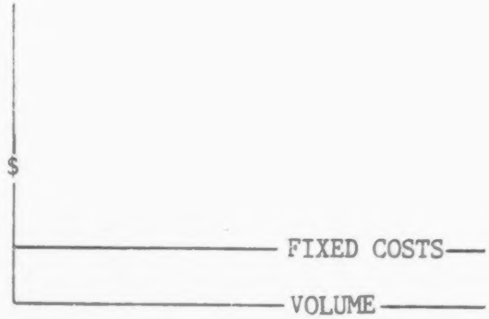
Before we discuss the break-even point further, let's consider the two terms, "sales" and "costs." The term, "sales" needs no explanation; the more the better (assuming they are profit-yielding sales). Fortunately, printing sales volume has been on an upward trend and is expected to continue rising. On the other hand, costs are also rising. This is the area we must understand and manage effectively in order to stay ahead.

COSTS

A printing manufacturer will have many costs. Some will vary in direct proportion to the volume of printing produced. Other costs will remain relatively fixed over a period of time. Some expenses contain both variable and fixed elements. It is important for the printer to identify and segregate these costs to understand how they influence profits.

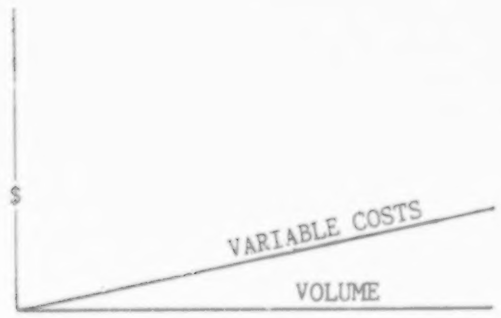
Fixed Costs

Fixed costs are expenses that remain the same regardless of the level of output over a period of time. Rent, depreciation, supervisors' salaries and real estate taxes are just a few examples. Those fixed expenses listed in the PIA Ratio Study's section on Factory Expenses are identified and segregated. (See PIA Supporting Schedules in the Income Statements, page 37.)



Variable Costs

Paper, ink and direct wages are examples of a printer's variable costs. As the volume of printing increases, these costs will rise proportionately.



Mixed Costs

CAUTION. Recognize the fact that some expenses cannot be neatly placed in the fixed or variable category. There are expenses that may vary with production at a certain point in time, but not in direct proportion. For example, one printing supervisor may be able to oversee the work of the press department up to a certain volume of production. If sales volume increases appreciably, a second supervisor may have to oversee the additional volume of printing.

Conversely, if the volume of printing decreases, but only temporarily, there may be no need to reduce production staff. However, if the drop in volume is considered permanent, a supervisor may have to be laid off. Therefore, in the short run, supervisory salaries are considered fixed; in the long run, they may be variable.

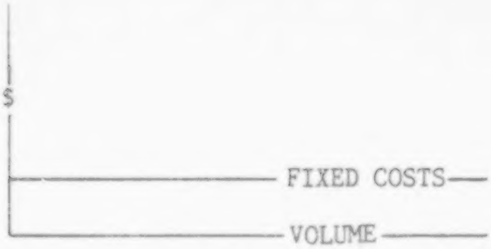
For this analysis, we will assume all costs can be classified clearly as fixed or variable. Normally, within a period of a year, one can accurately predict fixed and variable costs.

GRAPHING COSTS AND SALES

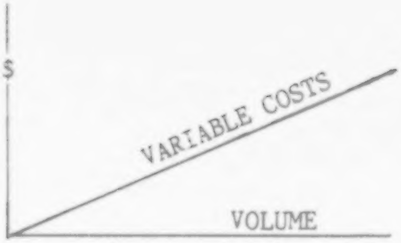
Combining fixed costs, variable costs and the sales line on a graph emphasizes the break-even point. Graph number 4 below shows that once the break-even point is reached in sales volume (fixed costs are covered), additional sales produce profits.

GRAPHING COSTS AND SALES (Continued)

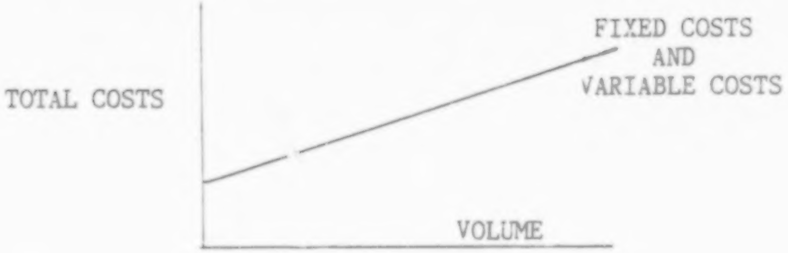
1. Fixed Costs



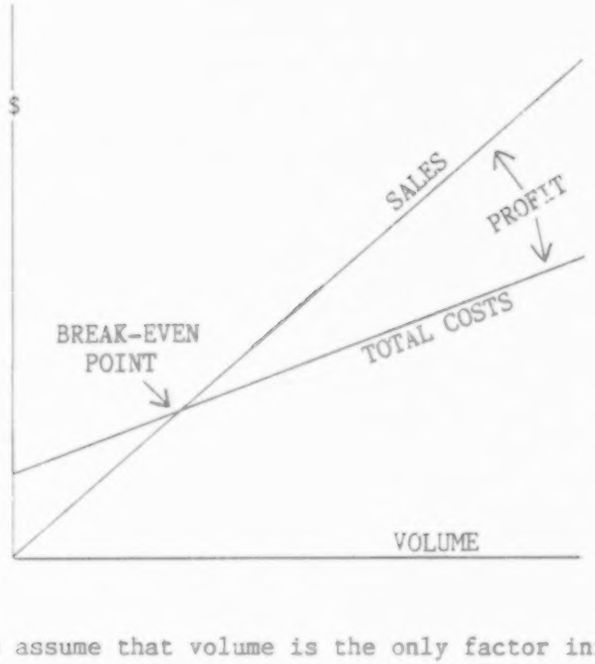
2. Variable Costs



3. Fixed and Variable Costs Combined



4. Break-even Graph



The graphs above assume that volume is the only factor influencing cost.

BREAK-EVEN ANALYSIS

How much printing must be sold to break even? What volume of printing must be sold to reach a target level of income? In printing, volume may be based on units (or thousands of units) of production, impressions per hour, dollar volume of sales, or other measures. For our simple illustration below, we will assume volume is based on thousands of units of production.

> Printer Smith would like to know what volume of printing he needs to break even. He has segregated his fixed and variable costs for the preceding year and has estimated what they will probably be in the current year. He has found that his total fixed cost will be approximately \$500,000. His average sales price is \$250 per thousand of units produced, and his variable costs are \$175 per thousand of units produced.

To find Smith's break-even point, he would use the break-even point equation and let X equal the number of thousand units needed to break even.

B/E Equation: UNIT SALES (in thousands) = VARIABLE COSTS + FIXED COSTS

$$\$250X = \$175X + \$500,000$$

$$X = 6,667 \text{ THOUSANDS OF UNITS}$$

So, Printer Smith would need to sell 6,667 thousands of units (or 6,667,000 units) of printing to break even.

> Next, Printer Smith would like to know what volume of printing he needs to match the average PIA Profit Leader's income level. (Historically, PIA Profit Leaders achieve an average of 12% income before taxes as a percentage of sales.)

The equation he will now use is:

UNIT SALES (in thousands) = VARIABLE COSTS + FIXED COSTS + DESIRED INCOME

$$\$250X = \$175X + \$500,000 + .12(\$250X)$$

$$X = 11,111 \text{ THOUSANDS OF UNITS}$$

Therefore, if he sold 11,111,000 units, he should expect his income before income taxes to be 12%.

Keep in mind that Printer Smith's break-even analysis was based on a particular set of assumptions. If his conditions change, a whole new set of cost-volume-profit relationships would appear.

OTHER APPLICATIONS OF BREAK-EVEN ANALYSIS

Break-even analysis also can provide other helpful information, particularly in budgeting and forecasting. Printer Smith is considering a new plant layout and expansion. If he follows through with this plan, his fixed and variable costs may change considerably. To find out how much, he could plot his various levels of expected production together with expected changes in his fixed and variable costs, and then analyze results at various levels of production.

He also can use the break-even approach on a job-by-job basis. Some jobs are accepted for reasons other than profit. These reasons might include filling in slack press time with a no-profit or low-profit job (bringing in cash for fixed expenses). Yet, to predict exactly how much income a particular job is adding to profits, the break-even analysis is very enlightening.

Printers struggle to dam the tide of red ink and to produce a profit. Lately, another hidden menace has been gnawing away at after-tax income: the higher replacement costs of materials and supplies.

A printer claims a 12% profit on a $1,000 sale if expenses, including materials, supplies, factory payroll and overhead, interest, administrative and selling expenses, total $880. But is this really true? Does he really have a 12% or $120 profit?

In manufacturing his product, he used a substantial dollar volume of materials and supplies -- paper, ink, photographic materials, plates, etc. -- and now he must replace them. In the meantime, the purchase price of those supplies and materials has increased. (Who can cite a case where the cost of materials and supplies have decreased?) Where does the additional money come from? The answer is easy: the difference in replacement costs must be taken from the $120 profit.

There is not much a printer can do about rising replacement costs, but proper accounting methods for the inventory of materials and supplies can save substantial tax dollars. These lowered taxes translate into money that can be used to soften the blow of higher replacement costs. And the more those replacement costs increase, the more tax dollars are saved.

The two most common inventory methods in use today are FIFO (First In, First Out) and LIFO (Last In, First Out). Both methods are accounting tools to describe the flow of materials and supplies for financial statement and tax purposes only. Neither has an effect on the actual replacement of materials and supplies.

The majority of printers use the FIFO method of inventory valuation. This provides them with higher end of the year after-tax profits on their books than does the LIFO method. Unfortunately, this is a "fool's profit." LIFO, on the other hand, shows lower profits on the books, and consequently, results in lower taxes.

The FIFO approach assumes that a printer first uses materials and supplies that were purchased a long ago when prices were lower. More recently purchased goods (bought at higher prices) are assumed to be used last, after the older, less costly materials are consumed. The newer materials and supplies are inventoried at a higher price. Since material and supply costs as well as the other costs of operating a business are deducted from sales costs, to determine pre-tax profits, these lower expenses will bounce profits to an unrealistic higher level.

The higher profit figures may seem appealing at first glance. They certainly will appeal to shareholders. But corporate taxes are based on the amount of a company's profits. What happens is that a printer using FIFO is reporting profits to the IRS that are too high, much the same way as if he had understated his selling and administrative expenses.

Valuing inventory with the LIFO method means that, in theory, a printer first places his most recently purchased materials and supplies into production. Again, during inflationary times, the most recent purchases represent higher dollar amounts than do earlier purchases. Although the rate of inflation has declined in recent years, costs of materials and supplies are still increasing, not shrinking.

These high-valued cost factors result in a more realistic, lower profit. In turn, a lower profit results in lower taxes, and the printer is left with more money available to help offset his rising costs.

As a practical matter, FIFO and LIFO only represent the hypothetical flow of goods through your plant. While reported profits will vary, depending on the use of FIFO or LIFO, in both methods exactly the same amount of cash flows in and out. The amount of tax levied is the only difference. FIFO users will pay higher taxes than their LIFO counterparts.

Furthermore, as costs climb, the difference between FIFO and LIFO users' tax payments increases correspondingly. The increased value of inventories remains untaxed for LIFO users. The FIFO taxpayer does not have this advantage.

The example shown on page 73 demonstrates exactly how significant the tax savings can be for a printing firm opting for LIFO over FIFO. In both cases, all reported income and expenses are exactly the same -- with the notable exception of materials and federal income taxes.

Using FIFO, the printing firm with $1,000,000 in sales values its inventory on a first-bought, first-used basis. This means that the company is reporting that the materials it places into production were purchased back when prices were lower than they are today. The $350,000 figure entered for materials will not buy the same volume of materials in the current market.

Converting to LIFO inventory, the same company saves $9,200, the equivalent of doing $92,000 more business that year at 10% profit before taxes. The printing firm reports that the materials required to produce its $1,000,000 in sales were valued at the current (most recently purchased) market price and not necessarily at the actual price paid for them. The LIFO method shows that $370,000 worth of materials were used, some $20,000 more than the same company reported using FIFO.

The additional $20,000 in materials cost decreases income before taxes by $20,000. The example shows that the LIFO system leads to lower reported income and lower taxes; in this instance, $9,200.

Assuming that the printer is going to replace all of his used materials, his actual costs will come much closer to the $370,000 figure shown in the LIFO approach than to the $350,000 in the FIFO entry.

Using FIFO, the company will have to take $20,000 from its after-tax profit and add it to its reported $350,000 materials cost to replace the used materials. This will reduce its after-tax profit from $85,050 to $65,050, or $9,200 less than the $74,250 after-tax profit produced by the LIFO method.

This $9,200 is not merely an "on paper" saving. It is hard cash in the bank, achieved by lower tax payments. If material costs (most recently purchased) had increased more than the $20,000 indicated in our example, it is not hard to see how an even greater tax saving would have occurred. Graphic Arts firms are foolish to continue reporting high profits realized under the FIFO method. They should convert immediately to the more favorable pre-tax profits enjoyed by LIFO users.

Because LIFO generally represents a change in inventory planning for graphic arts managers, questions about the method are expected. The following are typical questions and our answers:

Q. How does a printing firm switch from FIFO to LIFO?

A. All you have to do is file IRS Form 970 with the Internal Revenue Service explaining exactly what your inventory method entails. You don't have to receive permission; you just sit back and collect the tax benefits.

Q. Wouldn't you be less likely to receive a bank loan using LIFO instead of FIFO? After all, your profits are lower!

A. Bankers are not fools. They know the difference LIFO and FIFO makes in reported profits. They can easily adjust, either up or down, the reported profit figures from both methods. In fact, a serious banker might well question the business smarts of a printer who unnecessarily "gives" additional tax dollars to the IRS by using FIFO.

Q. How far back can you go when valuing inventory under LIFO? 2 years? 10 years? 50 years?

A. In the year that your conversion takes place, you use the previous year's ending inventory as your beginning or base. Any increases in inventory would come in beginning of the year purchases. Then, at the end of the next year you go back to that base, which is now two years old, as your starting point. If both you and your business last another 50 years, you would still go back to the inventory base established when you first converted the approach from FIFO to LIFO.

Q. Do we have to keep our inventory records at these LIFO values? What good are my paper and work-in-process inventories at prices that I paid in 1975?

A. If you keep your cost sheet at current hourly rates and your perpetual paper inventory at current prices, you can turn over your FIFO inventory to your accountant for conversion to LIFO.

Q. If we are going to sell our business, wouldn't we lose money by not using the FIFO method? Under LIFO our profit is lower and the inventory on the balance sheet is lower.

A. First of all, you should operate your business as efficiently as possible, not merely to report "fool's profits." But, if you did want to sell, you explain to your buyer how your inventory method works. Then, you sell your inventory at the current replacement cost and not at your LIFO value.

Q. Can I price all inventories by the LIFO method, including work-in-process, paper and other chargeable materials (ink, film and plates), and other non-chargeable supplies?

A. Yes. You are talking about big dollars and in a growing firm this amount keeps increasing. The LIFO inventory reserve gets bigger and the tax saving accumulation becomes more substantial.

LIFO VS. FIFO: COMPARISON OF PROFIT AND TAXES

	FIFO METHOD	LIFO METHOD
SALES	$1,000,000	$1,000,000
FACTORY COST OF PRODUCT		
MATERIAL*	350,000	370,000
FACTORY PAYROLL	260,000	260,000
FACTORY EXPENSES	106,000	106,000
	716,000	736,000
GROSS PROFIT	284,000	264,000
ADMINISTRATIVE AND SELLING EXPENSES	160,000	160,000
	124,000	104,000
INTEREST	10,000	10,000
	114,000	94,000
OTHER INCOME	6,000	6,000
INCOME BEFORE TAXES	120,000	100,000
FEDERAL INCOME TAXES	34,950	25,750
AFTER TAX PROFIT	$ 85,050	$ 74,250

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*COST OF MATERIAL USED		
INVENTORY - JANUARY 1	$ 150,000	$ 150,000
PURCHASES	360,000	360,000
	510,000	510,000
	(320,000 lbs. @ $.50)	(320,000 lbs. @ $.4375)
INVENTORY - DECEMBER 31	160,000	140,000
COST OF MATERIAL USED	$ 350,000	$ 370,000

Using the FIFO method, this printing firm valued its cost of paper at the most recent purchase price, $.50 per pound. Under LIFO, the same firm valued its paper at the earliest purchase price, $.4375 per pound. The FIFO system generates a "fool's profit" of $10,800 over the LIFO approach, while the LIFO system saves $9,200 in taxes.

STRATEGIES FOR BETTER COSTING AND PRICING

Economic conditions in recent years have forced business managers to seize tighter control of their costing and pricing strategies. Even though industrial trends showed that large printers have been relatively unaffected by recessionary pressures, the majority of medium to small printing firms were not as fortunate. These firms were ravaged by both inflationary and recessionary elements.

We are now told that the economy is, once again, mending nicely. Even if this is true, improvement is spotty with certain areas and printing markets experiencing great difficulties. In any case, the time is right for printing managers to employ updated costing and pricing strategies.

REPLACEMENT COSTS

The average printer is spending approximately 37% of sales on materials. Printers cannot use yesterday's costs to determine today's pricing. While this simple statement may sound obvious, the fact remains that the majority of printers *do* calculate prices based on outdated costs.

With costs continually changing, printers must be ready to update their costing and pricing systems. Furthermore, to price jobs profitably they must be able to anticipate what cost increases will be. That is the problem. Determining exact figures for these costing components is difficult.

The NIFO (Next-In, First-Out) method for materials costing ensures that a printing firm's costs for a job will be reported to allow for adequate funds to *replace* the goods used to produce the work.

Using the NIFO method, if you were to cost a job that required paper purchased at 46 cents per pound, film at $3.00 per sheet, and plates at $7.25, you would look ahead to what the replacement cost of these materials will be before you cost and price the work. If today's prices indicate that paper has jumped to 52 cents, film to $4.00, and plates to $8.60, these are the figures you would use to calculate both your costs and your final price.

Pricing and Costing Using Replacement Values

	Original Purchase Price	Current Price to Replace
Paper	$0.46/lb.	$0.52/lb.
Film	$3.00	$4.00
Plates	$7.25	$8.60

According to NIFO, you cost and price at:

Paper	Film	Plates
$0.52/lb	$4.00	$8.60

Keep in mind that the purpose of your cost and accounting system is to give you a clear picture of the ongoing financial operations of your business. The more accurate this picture is, the more intelligently you can price your printed product. Any system that does not provide for the replacement of materials and supplies will dig directly into your profit on that job.

UPDATED HOURLY COST RATES

Hourly cost rates are another factor with tremendous impact on costing and pricing. Production cost calculations must be re-examined at increasingly close intervals as the cost of doing business climbs.

Since the basis for accurate budgeted hourly rates is an analysis of current operating expenses and anticipating increased expenses, these rates must be reviewed continually to make sure they are profitable, competitive and are producing an acceptable income and return on investment.

INCREASED PRODUCTIVITY

Although the pace of increasing costs has slowed, printers must still find a way to maintain a competitive edge. They should take a close look at their levels of productivity. Improved productivity will lower the cost per unit and thus permit pricing to remain at competitive levels. Innovations are available in both management and technology that can give a big boost to productivity. Printers who do not keep pace with these innovations may well find that higher costs are driving them out of competition; sending their customers to a printer who can offer better prices.

If your cost per hour of production is, for example, $40.00 and you produce 5,000 units per hour, your costs are $8.00 for each 1,000 units. With advances in technology, it may be possible to lower the cost per unit and gain a competitive edge in the market. A $1 per thousand decrease in costs may make the difference between gaining or losing a big sale.

Units produced can be improved. It is a rare printer who can honestly say he cannot increase units produced per hour. For example, are your presses turning at full rated speed? A boost of 714 units produced per hour would lower the cost per unit to $7 per thousand. Even though this 14% increase might not be fully achieved, it is remarkable just how much productivity can be improved if you set your goal and keep to it.

Increased Productivity Keeps Cost Per Unit Down

	Cost Per Hour ($)	Units Produced (Per Hour)	Cost Per Unit ($ per M)
Base	$40.00	5,000	$8.00
714 Units Per Hour Increase	40.00	5,714	7.00

It may be necessary to buy new equipment to implement this increase in units produced per hour. Or, a production improvement program or merely an investment in higher quality materials may be sufficient. Often an increase in productivity can be effected without any added capital.

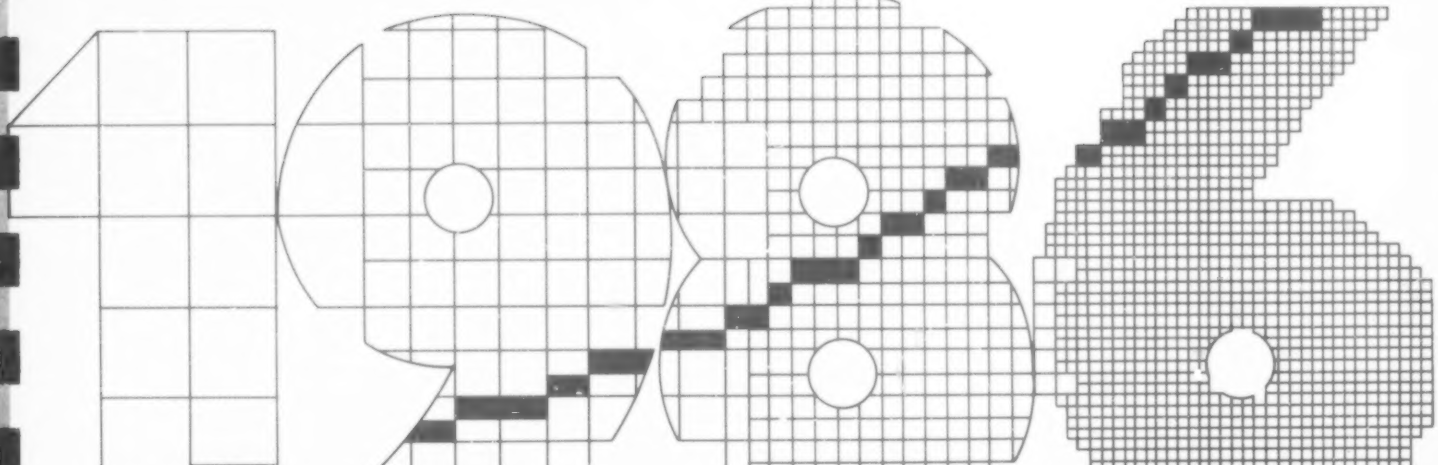
The profitable practices of today may be loss operations tomorrow. Printers must be ready to investigate all and any avenues that might lead to increased productivity. By doing so, they will be better prepared to maintain their customer base and possibly gain a larger share of the market. Tight controls must be maintained in all aspects of the business to help keep costs in line. Accounting systems must insure that all costs are reported, and that costs and prices are geared to ensure continuing a healthy operation. If these practices are followed enthusiastically, printing firms should be able to effectively compete and achieve higher levels of profitability.

1986
Financial
Ratio
Study

All Printers By
Sales Volume

Volume II

19740-1.2.U



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

ALL PRINTERS BY SALES VOLUME

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PRINTING INDUSTRIES OF AMERICA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 867 printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $250,000, $250,000 to $500,000, $500,000 to $1,500,000, etc. Readers can compare their firm's operations with other firms having the same sales volume in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.. 2

VALUE ADDED - WHAT IT MEANS TO YOU.................................. 4- 5

ALL PRINTERS BY SALES VOLUME.. 6-19
- All Firms Reporting
- 0 to $250,000
- $250,000 to $500,000
- $500,000 to $1,500,000
- $1,500,000 to $5,000,000
- $5,000,000 to $10,000,000
- Over $10,000,000

- Report on Operations - Value Added = 100%.......................... 6- 7
- Supporting Schedules - Value Added = 100%.......................... 8- 9
- Report on Operations - Sales = 100%................................ 10-11
- Supporting Schedules - Sales = 100%................................ 10-13
- Balance Sheet.. 14-15
- Significant Facts.. 16-17
- Return on Investment - Per $100 of Sales........................... 18-19

ABSOLUTE DATA.. 20

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	

62.2% divided by 3 = 20.7%

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.75	37.06	39.60	38.37	37.34	31.78
FACTORY EXPENSES	21.07	19.07	32.06	25.50	22.59	22.14
TOTAL FACTORY COST OF PRODUCT	62.82	56.13	71.66	63.87	59.93	53.92
GROSS PROFIT	37.18	43.87	28.34	36.13	40.07	46.08
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	16.09	13.73	22.62	14.12	23.47	20.36
Selling expenses	13.58	11.04	6.94	4.65	8.91	6.05
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	29.67	24.77	29.56	18.77	32.38	26.41
INCOME (LOSS) BEFORE INTEREST EXPENSE	7.51	19.10	(1.22)	17.36	7.69	19.67
Interest expense	3.27	1.99	1.94	0.01	2.98	1.26
OPERATING INCOME (LOSS)	4.24	17.11	(3.16)	17.35	4.71	18.41
Other income	1.08	1.75	3.15	0.07	0.32	1.26
INCOME (LOSS) BEFORE INCOME TAXES	5.32	18.86	(0.01)	17.42	5.03	19.67

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* See page 10 for the definition of "Profit Leaders."

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
39.64	33.65	41.63	36.56	42.64	35.62	44.90	41.78
22.37	19.25	20.29	18.57	20.31	18.09	20.64	18.95
62.01	52.90	61.92	55.13	62.95	53.71	65.54	60.73
37.99	47.10	38.08	44.87	37.05	46.29	34.46	39.27
20.37	17.81	16.09	14.60	14.09	12.62	10.66	9.31
12.08	9.59	15.05	12.60	14.73	14.23	12.90	10.11
32.45	27.40	31.14	27.20	28.82	26.85	23.56	19.42
5.54	19.70	6.94	17.67	8.23	19.44	10.90	19.85
2.76	1.39	3.42	2.35	3.76	2.36	3.21	2.07
2.78	18.31	3.52	15.32	4.47	17.08	7.69	17.78
0.82	0.22	0.95	1.61	1.25	1.99	1.49	2.91
3.60	18.53	4.47	16.93	5.72	19.07	9.18	20.69

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	3.08%	2.79%	7.87%	11.36%	1.44%	0.30%
Direct wages	28.29	25.24	23.77	25.95	29.85	27.44
General factory salaries and wages	2.81	2.44	1.98	0.00	0.83	0.69
Packing, shipping and delivery wages	1.36	1.15	0.98	0.00	0.70	0.28
Payroll taxes	2.78	2.21	3.08	1.06	2.69	1.74
Employee benefits	3.43	3.23	1.92	0.00	1.83	1.33
TOTAL FACTORY PAYROLL	41.75	37.06	39.60	38.37	37.34	31.78
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.47	0.35	0.00	0.00	0.70	0.04
Depreciation - other	5.64	5.47	7.17	8.38	6.04	5.26
Taxes - real estate	0.35	0.31	0.30	0.52	0.26	0.20
Taxes - other	0.35	0.30	0.44	0.35	0.26	0.10
Insurance	0.85	0.74	1.82	0.72	1.43	1.94
Building rent	2.36	2.04	8.92	5.23	3.89	4.36
Utilities - heat, light, etc.	1.93	1.69	3.03	2.49	2.04	1.42
Equipment rental	1.00	0.69	1.24	0.00	1.34	1.36
Total Fixed Expenses	12.95	11.59	22.92	17.69	15.96	14.68
Other Expenses						
Factory supplies and expense	3.02	2.95	3.06	0.96	2.57	3.87
Packing, shipping and delivery expense	1.74	1.58	2.76	1.17	1.33	1.54
Repairs and maintenance	2.23	1.98	2.78	3.79	2.00	1.05
Other factory expenses	1.13	0.97	0.54	1.89	0.73	1.00
Total Other Expenses	8.12	7.48	9.14	7.81	6.63	7.46
TOTAL FACTORY EXPENSES	21.07	19.07	32.06	25.50	22.59	22.14
ADMINISTRATIVE EXPENSES						
Salaries - executive	4.76	4.52	9.97	1.87	8.24	8.41
Salaries - office	4.02	3.21	3.22	4.71	6.50	4.97
Payroll taxes	0.61	0.45	1.07	0.00	1.26	1.04
Employee benefits	0.85	0.74	0.89	0.00	0.83	0.35
Bad debts	0.76	0.59	0.62	0.00	0.53	0.42
Office supplies and expenses	0.78	0.67	1.46	2.62	0.97	0.69
Professional fees	0.90	0.73	0.74	0.93	1.12	0.83
Taxes - business	0.25	0.26	0.44	0.28	0.39	0.86
Telephone	0.77	0.64	1.40	1.62	1.21	1.07
Other administrative expenses	2.39	1.92	2.81	2.09	2.42	1.72
TOTAL ADMINISTRATIVE EXPENSES	16.09	13.73	22.62	14.12	23.47	20.36
SELLING EXPENSES						
Salaries - executive	2.00	1.64	3.97	3.49	2.48	0.00
Salaries and commissions - salesmen	6.36	5.14	0.93	0.00	2.47	4.29
Salaries - sales office clerical	1.10	0.95	0.00	0.00	0.52	0.00
Payroll taxes	0.52	0.33	0.21	0.00	0.29	0.09
Employee benefits	0.57	0.51	0.17	0.00	0.22	0.12
Advertising	0.70	0.63	0.75	0.74	0.95	0.75
Travel and entertainment	1.28	1.04	0.80	0.42	1.16	0.46
Other selling expenses	1.05	0.80	0.11	0.00	0.82	0.34
TOTAL SELLING EXPENSES	13.58	11.04	6.94	4.65	8.91	6.05

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.53%	2.34%	3.06%	2.90%	2.84%	3.20%	2.86%	2.93%
28.25	25.52	28.85	24.71	28.15	24.63	27.38	25.32
1.69	1.20	2.38	2.29	3.32	1.75	5.04	4.33
1.02	0.88	1.41	1.07	1.45	1.02	1.76	1.75
2.79	1.87	2.74	2.33	2.78	1.99	2.86	2.61
2.36	1.84	3.19	3.26	4.10	3.03	5.00	4.84
39.64	33.65	41.63	36.56	42.64	35.62	44.90	41.78
0.46	0.09	0.48	0.50	0.50	0.36	0.44	0.44
6.06	5.02	5.64	5.96	5.35	5.36	5.22	5.25
0.35	0.33	0.36	0.29	0.35	0.35	0.35	0.31
0.38	0.20	0.31	0.38	0.39	0.35	0.37	0.30
1.28	1.16	0.77	0.62	0.63	0.64	0.48	0.37
3.80	3.67	2.10	2.23	1.58	0.95	1.05	0.74
1.74	1.40	1.70	1.31	2.04	1.57	2.41	2.35
1.54	1.37	0.89	0.75	0.73	0.13	0.75	0.41
15.61	13.24	12.25	12.04	11.58	9.71	11.07	10.17
2.29	1.60	2.93	2.81	3.32	2.89	3.90	3.85
1.45	1.90	1.89	1.50	1.88	1.82	1.65	1.34
2.05	1.65	2.22	1.79	2.28	2.31	2.41	2.30
0.97	0.86	1.00	0.43	1.25	1.36	1.61	1.29
6.76	6.01	8.04	6.53	8.73	8.38	9.57	8.78
22.37	19.25	20.29	18.57	20.31	18.09	20.64	18.95
6.42	6.10	4.85	5.09	3.79	4.16	2.24	2.37
5.53	4.94	3.88	3.13	3.33	2.58	2.64	2.05
0.81	0.51	0.61	0.50	0.46	0.38	0.33	0.29
0.84	0.38	0.88	0.90	0.94	1.04	0.72	0.76
0.75	0.68	0.83	0.66	0.82	0.66	0.66	0.48
0.89	0.98	0.83	0.70	0.72	0.48	0.51	0.44
1.09	1.08	0.91	0.69	0.80	0.59	0.71	0.61
0.36	0.31	0.27	0.30	0.17	0.17	0.12	0.11
0.99	0.69	0.74	0.63	0.71	0.70	0.49	0.43
2.69	2.14	2.29	2.00	2.35	1.86	2.24	1.77
20.37	17.81	16.09	14.60	14.09	12.62	10.66	9.31
2.16	2.32	2.22	1.94	1.81	1.80	1.31	1.13
5.01	3.70	7.30	6.00	7.53	7.48	6.21	4.30
0.92	0.40	1.09	0.97	1.21	1.07	1.46	1.48
0.57	0.24	0.58	0.43	0.54	0.45	0.42	0.29
0.50	0.25	0.62	0.68	0.65	0.73	0.61	0.51
0.80	0.72	0.68	0.50	0.73	1.19	0.49	0.33
1.23	1.35	1.44	1.35	1.29	0.85	1.08	0.84
0.89	0.61	1.12	0.73	0.97	0.66	1.32	1.23
12.08	9.59	15.05	12.60	14.73	14.23	12.90	10.11

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT						
MATERIALS						
Paper	23.76	22.92	16.70	7.07	20.09	20.18
Other chargeable materials	5.30	4.98	8.64	14.59	4.81	3.83
Outside services	8.58	7.82	12.80	8.50	8.78	8.14
TOTAL MATERIALS	37.64	35.72	38.14	30.16	33.68	32.15
FACTORY PAYROLL	26.01	23.83	24.51	26.75	24.93	21.96
FACTORY EXPENSES	13.06	12.18	19.94	17.82	14.97	15.17
TOTAL FACTORY COST OF PRODUCT	76.71	71.73	82.59	74.73	73.58	69.28
GROSS PROFIT	23.29	28.27	17.41	25.27	26.42	30.72
ADMINISTRATIVE AND SELLING EXPENSES						
Administrative expenses	10.13	8.95	13.37	9.85	15.51	13.85
Selling expenses	8.46	7.20	4.05	3.25	5.71	3.82
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.59	16.15	17.42	13.10	21.22	17.67
INCOME (LOSS) BEFORE INTEREST EXPENSE	4.70	12.12	(0.01)	12.17	5.20	13.05
Interest expense	2.01	1.24	1.23	0.01	1.98	0.89
OPERATING INCOME (LOSS)	2.69	10.88	(1.24)	12.16	3.22	12.16
Other income	0.64	1.06	1.75	0.05	0.22	0.85
INCOME BEFORE INCOME TAXES	3.33	11.94	0.51	12.21	3.44	13.01

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS						
Ink	1.58%	1.58%	0.41%	0.00%	0.63%	0.47%
Film	1.12	1.02	1.39	2.86	0.97	0.96
Plates	1.19	0.98	1.44	0.00	1.59	0.67
Other chargeable materials	1.41	1.40	5.40	11.73	1.62	1.73
TOTAL OTHER CHARGEABLE MATERIALS	5.30	4.98	8.64	14.59	4.81	3.83
OUTSIDE SERVICES						
Composition	0.80	0.81	1.50	0.00	1.12	0.85
Offset preparation	1.39	1.27	0.40	0.00	0.51	0.76
Printing	2.12	2.41	8.70	8.50	4.70	5.13
Binding	2.31	1.62	1.03	0.00	1.21	0.96
Other outside services	1.96	1.71	1.17	0.00	1.24	0.44
TOTAL OUTSIDE SERVICES	8.58	7.82	12.80	8.50	8.78	8.14

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
20.71	19.51	22.67	21.09	25.66	25.01	29.07	27.10
4.51	4.19	5.16	4.48	5.65	4.84	6.04	5.85
8.82	9.35	9.17	9.08	8.02	5.59	7.34	6.81
34.04	33.05	37.00	34.65	39.33	35.44	42.45	39.76
26.12	22.67	26.22	24.05	25.90	22.88	25.96	25.23
14.69	12.79	12.69	12.08	12.18	11.64	11.75	11.21
74.85	68.51	75.91	70.78	77.41	69.96	80.16	76.20
25.15	31.49	24.09	29.22	22.59	30.04	19.84	23.80
13.48	11.97	10.16	9.54	8.54	8.22	6.13	5.65
7.91	6.39	9.47	8.16	9.02	9.35	7.52	6.52
21.39	18.36	19.63	17.70	17.56	17.57	13.65	12.17
3.76	13.13	4.46	11.52	5.03	12.47	6.19	11.63
1.80	0.94	2.15	1.54	2.21	1.46	1.79	1.15
1.96	12.19	2.31	9.98	2.82	11.01	4.40	10.48
0.52	0.17	0.57	1.03	0.72	1.29	0.82	1.62
2.48	12.36	2.88	11.01	3.54	12.30	5.22	12.10

0.91%	0.90%	1.38%	1.27%	1.86%	1.08%	2.78%	2.84%
1.04	1.27	1.22	1.21	1.22	0.57	0.92	0.89
1.11	1.03	1.20	1.22	1.34	1.07	0.98	0.87
1.45	0.99	1.36	0.78	1.23	2.12	1.36	1.25
4.51	4.19	5.16	4.48	5.65	4.84	6.04	5.85
1.01	1.36	0.94	1.02	0.55	0.67	0.40	0.32
1.17	1.45	1.85	1.99	1.36	1.03	1.06	0.85
2.80	2.03	1.84	2.58	1.25	1.59	1.64	1.82
1.84	1.70	2.45	1.79	2.81	1.67	2.37	1.76
1.92	2.81	2.09	1.70	2.05	0.63	1.87	2.06
8.32	9.35	9.17	9.08	8.02	5.59	7.34	6.81

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL						
Salaries - executive	1.92%	1.80%	4.75%	7.82%	0.94%	0.24%
Direct wages	17.68	16.27	15.08	18.20	20.06	18.94
General factory salaries and wages	1.72	1.54	0.87	0.00	0.53	0.46
Packing, shipping and delivery wages	0.83	0.73	0.61	0.00	0.41	0.18
Payroll taxes	1.74	1.43	1.99	0.73	1.77	1.20
Employee benefits	2.12	2.06	1.21	0.00	1.22	0.94
TOTAL FACTORY PAYROLL	26.01	23.83	24.51	26.75	24.93	21.96
FACTORY EXPENSES						
Fixed Expenses						
Depreciation - real estate	0.29	0.22	0.00	0.00	0.45	0.03
Depreciation - other	3.50	3.46	4.76	5.85	4.01	3.60
Taxes - real estate	0.21	0.20	0.15	0.37	0.17	0.13
Taxes - other	0.22	0.19	0.27	0.25	0.17	0.07
Insurance	0.53	0.48	1.07	0.50	0.91	1.29
Building rent	1.49	1.35	5.43	3.63	2.60	2.93
Utilities - heat, light, etc.	1.19	1.06	1.97	1.74	1.34	0.98
Equipment rental	0.63	0.45	0.76	0.00	0.94	0.96
Total Fixed Expenses	8.06	7.41	14.41	12.34	10.59	9.99
Other Expenses						
Factory supplies and expense	1.87	1.89	2.00	0.66	1.70	2.67
Packing, shipping and delivery expense	1.06	1.01	1.42	0.82	0.89	1.10
Repairs and maintenance	1.37	1.24	1.74	2.66	1.33	0.74
Other factory expenses	0.70	0.63	0.37	1.34	0.46	0.67
Total Other Expenses	5.00	4.77	5.53	5.48	4.38	5.18
TOTAL FACTORY EXPENSES	13.06	12.18	19.94	17.82	14.97	15.17
ADMINISTRATIVE EXPENSES						
Salaries - executive	3.00	2.97	5.66	1.33	5.41	5.71
Salaries - office	2.55	2.10	2.07	3.23	4.34	3.47
Payroll taxes	0.39	0.29	0.67	0.00	0.82	0.68
Employee benefits	0.54	0.49	0.53	0.00	0.56	0.24
Bad debts	0.47	0.37	0.31	0.00	0.34	0.28
Office supplies and expenses	0.49	0.44	0.90	1.35	0.65	0.47
Professional fees	0.56	0.47	0.46	0.65	0.73	0.57
Taxes - business	0.16	0.17	0.30	0.20	0.24	0.51
Telephone	0.48	0.41	0.85	1.15	0.81	0.75
Other administrative expenses	1.49	1.24	1.62	1.44	1.61	1.17
TOTAL ADMINISTRATIVE EXPENSES	10.13	8.95	13.37	9.85	15.51	13.85
SELLING EXPENSES						
Salaries - executive	1.25	1.08	2.25	2.44	1.56	0.00
Salaries and commissions - salesmen	3.94	3.31	0.57	0.00	1.60	2.64
Salaries - sales office clerical	0.69	0.63	0.00	0.00	0.34	0.00
Payroll taxes	0.33	0.21	0.13	0.00	0.18	0.06
Employee benefits	0.36	0.33	0.11	0.00	0.14	0.08
Advertising	0.45	0.44	0.41	0.52	0.65	0.52
Travel and entertainment	0.79	0.68	0.51	0.29	0.75	0.30
Other selling expenses	0.65	0.52	0.07	0.00	0.49	0.22
TOTAL SELLING EXPENSES	8.45	7.20	4.05	3.25	5.71	3.82

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.32%	1.56%	1.93%	1.88%	1.71%	2.04%	1.67%	1.82%
18.59	17.20	18.20	16.28	17.11	15.86	15.77	15.19
1.12	0.83	1.49	1.50	2.04	1.13	2.91	2.63
0.68	0.58	0.87	0.69	0.87	0.67	1.03	1.05
1.84	1.27	1.73	1.54	1.69	1.27	1.68	1.59
1.57	1.23	2.00	2.16	2.48	1.91	2.90	2.95
26.12	22.67	26.22	24.05	25.90	22.88	25.96	25.23
0.29	0.06	0.30	0.31	0.29	0.23	0.25	0.27
3.99	3.32	3.52	3.83	3.19	3.44	2.94	3.03
0.23	0.24	0.23	0.19	0.21	0.23	0.19	0.18
0.25	0.14	0.19	0.26	0.23	0.22	0.21	0.18
0.84	0.77	0.49	0.40	0.38	0.42	0.27	0.22
2.50	2.42	1.31	1.50	0.97	0.64	0.61	0.44
1.15	0.96	1.07	0.86	1.22	0.99	1.36	1.36
1.01	0.88	0.55	0.49	0.46	0.08	0.44	0.25
10.26	8.79	7.66	7.84	6.95	6.25	6.27	5.93
1.51	1.08	1.85	1.85	2.00	1.85	2.27	2.35
0.95	1.25	1.16	0.95	1.11	1.15	0.93	0.80
1.33	1.10	1.39	1.16	1.37	1.49	1.35	1.33
0.64	0.57	0.63	0.28	0.75	0.90	0.93	0.80
4.43	4.00	5.03	4.24	5.23	5.39	5.48	5.28
14.69	12.79	12.6[illegible]	12.08	12.18	11.64	11.75	11.21
4.26	4.12	3.08	3.33	2.30	2.69	1.28	1.43
3.66	3.31	2.45	2.04	2.02	1.68	1.58	1.26
0.54	0.35	0.38	0.32	0.28	0.25	0.19	0.18
0.56	0.26	0.55	0.59	0.59	0.74	0.41	0.46
0.50	0.45	0.52	0.43	0.48	0.41	0.36	0.28
0.58	0.66	0.52	0.46	0.43	0.31	0.29	0.27
0.72	0.73	0.57	0.44	0.49	0.37	0.40	0.37
0.24	0.20	0.17	0.21	0.10	0.11	0.07	0.07
0.64	0.45	0.47	0.41	0.43	0.45	0.28	0.27
1.78	1.44	1.45	1.31	1.42	1.21	1.27	1.06
13.48	11.97	10.16	9.54	8.54	8.22	6.13	5.65
1.42	1.52	1.39	1.24	1.10	1.18	0.77	0.76
3.27	2.48	4.58	3.93	4.60	4.83	3.60	2.67
0.61	0.25	0.70	0.64	0.74	0.72	0.86	0.98
0.37	0.17	0.37	0.28	0.33	0.29	0.24	0.19
0.33	0.17	0.39	0.44	0.40	0.47	0.36	0.34
0.53	0.49	0.43	0.32	0.47	0.88	0.29	0.23
0.79	0.91	0.90	0.86	0.78	0.55	0.62	0.55
0.59	0.40	0.71	0.45	0.60	0.43	0.78	0.80
7.91	6.39	9.47	8.16	9.02	9.35	7.52	6.52

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS						
CURRENT ASSETS						
Cash	6.46%	9.18%	9.68%	21.20%	9.57%	12.65%
Receivables	33.30	30.74	33.60	17.11	29.59	26.46
Inventories	12.02	10.47	8.24	10.52	8.86	7.51
Other current assets	3.97	6.73	5.62	18.31	4.63	8.71
TOTAL CURRENT ASSETS	55.75	57.12	57.14	67.14	52.65	55.33
FIXED ASSETS						
Real estate	9.87	10.00	3.17	6.89	10.17	11.83
Less: Accumulated depreciation	3.10	2.64	1.66	0.00	3.16	3.54
	6.77	7.36	1.51	6.89	7.01	8.29
Machinery and equipment	68.18	61.46	116.70	46.40	72.35	62.16
Less: Accumulated depreciation	38.25	32.65	81.05	26.28	43.29	37.83
	29.93	28.81	35.65	20.12	29.06	24.33
Other fixed assets	7.82	6.35	14.98	9.18	10.55	12.92
Less: Accumulated depreciation	4.27	3.07	9.34	3.70	4.40	3.88
	3.55	3.28	5.64	5.48	6.15	9.04
NET FIXED ASSETS	40.25	39.45	42.80	32.49	42.22	41.66
OTHER ASSETS	4.00	3.43	0.06	0.37	5.13	3.01
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	9.57	4.63	9.98	1.73	8.68	3.30
Accounts payable	14.06	10.71	21.86	3.23	15.38	8.31
Other current liabilities	8.51	8.36	12.15	0.00	5.91	2.91
TOTAL CURRENT LIABILITIES	32.14	23.70	43.99	4.96	29.97	15.52
LONG-TERM LIABILITIES	30.02	23.07	30.61	3.68	34.68	32.93
TOTAL LIABILITIES	62.16	46.77	74.60	8.64	64.65	48.45
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.84	53.23	25.40	91.36	35.35	51.55
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.73	2.41	1.[illegible]	13.54	1.76	3.57
QUICK RATIO	1.36	1.97	1.11	11.42	1.46	3.08
TOTAL LIABILITIES TO EQUITY	1.64	0.88	2.94	0.09	1.83	0.94
LONG-TERM LIABILITIES TO EQUITY	0.79	0.43	1.21	0.04	0.98	0.64
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.53	0.69	0.57	0.60	0.61

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
8.03%	6.44%	6.28%	7.68%	6.19%	14.64%	4.15%	7.76%
36.65	41.43	33.80	31.28	32.50	28.60	30.02	26.36
10.36	6.47	11.39	9.16	13.47	13.78	14.81	13.06
4.07	4.97	4.47	8.69	3.06	3.89	3.57	6.56
59.11	59.31	55.94	56.81	55.22	60.91	52.55	53.74
5.99	3.67	9.81	8.45	11.74	15.01	13.09	12.30
2.09	1.09	3.22	2.15	3.76	4.39	3.41	2.97
3.90	2.58	6.59	6.30	7.98	10.62	9.68	9.33
76.07	76.56	68.38	61.70	63.16	59.60	58.83	53.30
47.26	43.50	38.19	31.72	33.05	35.82	28.53	23.87
28.81	33.06	30.19	29.98	30.11	23.78	30.30	29.43
10.66	6.94	7.86	6.40	6.07	6.02	4.95	4.38
6.27	3.66	4.40	3.23	3.17	3.49	2.35	2.08
4.39	3.28	3.46	3.17	2.90	2.53	2.60	2.30
37.10	38.92	40.24	39.45	40.99	36.93	42.58	41.06
3.79	1.77	3.82	3.74	3.79	2.16	4.87	5.20
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.04	5.83	9.56	4.88	11.71	5.88	9.29	3.24
15.59	14.64	13.19	9.44	13.97	10.97	13.09	10.12
7.26	7.13	8.68	7.90	9.20	11.05	9.33	9.76
30.89	27.60	31.43	22.22	34.88	27.90	31.70	23.12
31.43	25.71	30.34	25.07	31.17	19.91	25.17	19.84
62.32	53.31	61.77	47.29	66.05	47.81	56.87	42.96
37.68	46.69	38.23	52.71	33.95	52.19	43.13	57.04
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.91	2.15	1.78	2.56	1.58	2.18	1.66	2.32
1.58	1.91	1.42	2.14	1.20	1.69	1.19	1.76
1.65	1.14	1.62	0.90	1.95	0.92	1.32	0.75
0.83	0.55	0.79	0.48	0.92	0.38	0.58	0.35
0.62	0.57	0.56	0.51	0.52	0.60	0.48	0.45

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Average assets per employee - All employees	$ 39,077	$ 48,331	$ 16,149	$ 31,898	$ 21,166	$ 21,740
Average assets per factory employee (Excluding Executives)	56,600	67,763	45,185	60,773	34,052	35,226
Average net worth per employee - All employees	15,211	25,867	7,354	29,287	7,750	12,433
Average gross plant investment per factory employee (Excluding Executives)	46,279	50,214	45,858	37,945	31,423	26,963
Net worth percentage of fixed assets	141.19%	173.96%	127.38%	290.41%	135.50%	184.37%
EMPLOYEES						
Percent factory - All employees	73.89%	75.64%	70.11%	62.78%	66.26%	68.79%
Percent administrative - All employees	14.30	13.75	22.47	23.61	24.98	23.27
Percent sales - All employees	11.81	10.61	7.42	13.61	8.76	7.94
SALES - VALUE OF PRODUCT PRODUCED						
INCLUDING EXECUTIVES						
Sales per employee - All employees	$ 75,647	$ 82,308	$ 51,037	$ 43,719	$ 49,170	$ 47,688
Sales per factory employee	104,936	110,719	75,994	70,617	78,617	73,502
Sales less material per factory employee	63,607	69,344	46,728	49,366	50,294	48,186
Sales per administrative employee	735,010	933,357	446,821	187,309	245,010	331,181
EXCLUDING EXECUTIVES						
Sales per employee - All employees	84,986	91,368	135,395	69,677	60,384	54,182
Sales per factory employee	111,843	116,701	154,181	82,465	80,205	73,749
Sales less material per factory employee	67,716	73,125	86,276	57,523	51,311	48,380
SALES PER SALESMAN	783,255	1,140,273	0	0	135,735	121,205
SALES TO CURRENT ASSETS	420%	377%	1,153%	204%	581%	660%
PAYROLL - INCLUDING TAXES AND BENEFITS						
INCLUDING EXECUTIVES						
Total payroll percentage of sales	39.06%	35.24%	36.50%	33.76%	39.39%	34.35%
Factory payroll percentage of gross plant investment	80.82	64.17	109.27	60.68	122.34	67.81
Payroll per employee - All employees	$ 28,417	$ 27,690	$ 18,076	$ 15,074	$ 18,737	$ 15,292
Payroll per factory employee	25,573	24,682	17,673	18,719	17,446	14,198
Payroll per administrative employee	34,081	37,047	19,361	9,250	20,371	17,066
Payroll per sales employee	42,705	43,569	15,335	27,000	14,851	6,492
PAYROLL - EXCLUDING TAXES AND BENEFITS						
EXCLUDING EXECUTIVES						
Payroll per employee - All employees	$ 22,025	$ 21,228	$ 14,105	$ 15,039	$ 14,759	$ 12,374
Payroll per factory employee	20,925	20,067	14,361	14,655	15,188	12,764
Payroll per administrative employee	17,478	16,701	7,238	7,250	11,247	9,734
Payroll per sales employee	33,687	34,097	1,926	0	8,649	6,038
EXECUTIVE PAYROLL						
Payroll per executive - All executives	52,598	55,704	19,787	22,000	20,996	11,203
Payroll per factory executive	32,744	33,557	13,390	19,444	7,437	1,598
Payroll per administrative executive	62,543	73,583	15,245	2,000	18,768	12,339
Payroll per sales executive	46,125	47,009	14,458	27,000	10,619	0
RECEIVABLES						
Collection period	59.2	60.4	34.3	45.5	44.2	41.0
PROFIT						
Gross profit percentage of sales	23.29%	28.27%	17.41%	25.27%	26.42%	30.72%
Average gross profit per factory employee	$ 26,455	$ 33,269	$ 26,918	$ 20,618	$ 21,399	$ 23,361
Income before taxes percentage of sales	3.33%	11.94%	0.51%	12.21%	3.44%	13.01%
Average income before taxes per employee	$ 2,822	$ 9,811	$ 232	$ 5,144	$ 1,788	$ 6,639

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 25,098	$ 28,912	$ 38,238	$ 49,670	$ 46,122	$ 50,095	$ 56,396	$ 65,593
40,172	47,192	56,377	72,831	64,168	70,704	75,356	82,417
9,739	12,886	14,874	26,494	15,748	26,267	24,472	36,362
36,470	39,306	47,170	55,217	50,793	53,555	55,265	56,566
242.54%	195.81%	118.29%	173.42%	94.30%	161.39%	118.26%	159.77%
68.58%	66.93%	72.71%	73.92%	76.98%	76.41%	81.53%	84.68%
19.43	21.92	13.99	13.74	11.35	11.45	8.59	7.14
11.99	11.15	13.30	12.34	11.67	12.14	9.88	8.18
$ 58,433	$ 68,453	$ 73,734	$ 82,283	$ 85,744	$ 85,250	$ 98,030	$ 99,725
87,458	105,888	103,283	114,533	113,834	114,375	128,729	118,956
57,081	70,245	64,339	73,704	67,531	73,966	70,473	67,950
346,242	365,772	611,896	692,816	862,115	856,578	1,464,219	1,756,173
68,247	81,427	82,142	92,370	92,972	92,525	104,629	106,145
93,738	111,070	109,424	122,343	119,727	120,136	134,828	124,901
61,182	73,685	68,180	78,668	70,936	77,583	73,914	71,550
270,818	343,649	515,009	503,052	798,427	955,561	1,728,824	2,237,624
462%	477%	395%	346%	374%	311%	373%	321%
41.15%	35.31%	40.11%	36.87%	38.26%	35.73%	35.25%	33.50%
90.22	81.41	80.37	62.55	72.45	52.26	66.70	61.05
$ 23,416	$ 23,142	$ 28,923	$ 29,797	$ 31,931	$ 30,194	$ 32,892	$ 30,692
21,767	22,233	25,932	26,071	27,966	24,892	29,538	27,604
27,375	26,139	34,175	38,789	39,669	41,251	40,557	46,034
26,996	22,778	42,084	47,584	54,401	54,972	59,460	56,014
$ 18,159	$ 18,638	$ 22,441	$ 22,427	$ 24,552	$ 22,416	$ 25,582	$ 23,346
18,115	19,060	21,385	21,165	22,555	20,001	23,602	21,720
15,393	14,425	17,466	17,373	19,293	16,888	20,435	19,540
19,091	16,360	33,570	36,799	44,056	45,518	49,155	44,529
36,867	35,564	53,632	66,480	66,708	71,440	64,770	61,250
23,088	19,915	33,283	34,906	40,816	46,242	42,497	41,948
38,999	34,530	58,850	76,968	82,337	97,737	91,758	99,335
20,573	17,571	42,888	48,335	62,014	58,143	77,813	70,308
55.8	60.3	60.6	63.7	63.2	62.4	61.7	61.3
25.15%	31.49%	24.09%	29.22%	22.59%	30.04%	19.84%	23.80%
$ 24,122	$ 35,899	$ 26,964	$ 36,238	$ 27,434	$ 37,752	$ 28,316	$ 29,114
2.48%	12.36%	2.88%	11.01%	3.54%	12.30%	5.22%	12.10%
$ 1,793	$ 8,858	$ 2,362	$ 8,945	$ 3,091	$ 10,361	$ 5,175	$ 11,940

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000		SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT						
Current Assets:						
Cash	$ 3.36	$ 5.98	$ 4.43	$17.51	$ 3.71	$ 5.62
Receivables	15.77	16.09	9.91	12.47	11.81	10.96
Inventories	6.06	6.27	3.05	8.19	3.80	3.21
Marketable securities	0.64	1.60	1.85	11.13	0.20	0.69
Other current assets	1.55	3.01	0.73	0.00	3.10	8.41
	27.38	32.95	19.97	49.30	22.62	28.89
Plant Investment:						
Land and building	5.91	6.71	1.80	6.13	5.64	5.89
Machinery and equipment	33.50	33.28	33.31	35.04	32.21	26.10
Other fixed assets	3.61	3.44	4.48	5.58	4.42	6.06
	43.02	43.43	39.59	46.75	42.27	38.05
Non-Current Assets	2.25	2.36	0.04	0.22	2.65	1.07
TOTAL INVESTMENT	72.65	78.74	59.60	96.27	67.54	68.01
INVESTMENT TURNOVER PER $100 OF SALES	137.65%	127.00%	167.79%	103.87%	148.06%	147.04%
EARNINGS						
Cost of Product	$76.71	$71.73	$ 82.59	$74.73	$73.58	$69.29
Selling Expenses	8.46	7.20	4.05	3.25	5.71	3.82
Administrative Expenses	10.13	8.95	13.37	9.85	15.51	13.85
	95.30	87.88	100.01	87.83	94.80	86.95
Income (Loss) Before Interest, Other Income and Taxes	4.70	12.12	(0.01)	12.17	5.20	13.05
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	6.47%	15.39%	(0.02)%	12.64%	7.70%	19.19%

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.46	$ 3.65	$ 3.24	$ 4.97	$ 3.90	$ 9.58	$ 2.74	$ 5.86
14.92	16.13	16.17	17.03	16.76	16.46	16.40	16.35
4.59	2.65	5.74	5.33	6.88	7.91	8.43	9.16
0.50	1.38	0.72	1.37	0.44	1.01	0.87	2.08
1.27	1.19	1.78	4.34	1.28	1.40	1.37	2.65
24.74	25.00	27.65	33.04	29.26	36.36	29.81	36.10
3.62	2.23	5.93	6.84	6.91	9.16	7.94	8.23
32.04	31.05	34.76	35.82	33.38	33.48	33.21	33.75
4.38	3.21	3.78	3.67	3.10	3.24	2.63	2.73
40.04	36.49	44.47	46.33	43.39	45.88	43.78	44.71
1.61	0.82	2.24	3.13	2.22	1.32	3.12	3.63
66.39	62.31	74.36	82.50	74.87	83.56	76.71	84.44
150.63%	160.49%	134.48%	121.21%	133.56%	119.67%	130.36%	118.43%
$74.85	$68.51	$75.91	$70.78	$77.41	$69.96	$80.16	$76.20
7.91	6.39	9.47	8.16	9.02	9.35	7.52	6.52
13.48	11.97	10.16	9.54	8.54	8.22	6.13	5.65
96.24	86.87	95.54	88.48	94.97	87.53	93.81	88.37
3.76	13.13	4.46	11.52	5.03	12.47	6.19	11.63
5.66%	21.07%	6.00%	13.96%	6.72%	14.92%	8.07%	13.77%

ABSOLUTE DATA

		AVERAGE FIRM REPORTING**		
	NUMBER OF PARTICIPATING FIRMS	TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	867	$ 4,218,000	$ 7,383,000	$ 372,000
TOTAL - PROFIT LEADERS*	143	7,568,000	12,045,000	1,441,000
BY SIZE OF FIRM:				
ALL FIRMS				
0-$250,000	12	51,000	162,000	0
$250,000-$500,000	39	172,000	379,000	14,000
$500,000-$1,500,000	186	409,000	942,000	25,000
$1,500,000-$5,000,000	309	1,579,000	2,992,000	89,000
$5,000,000-$10,000,000	168	3,810,000	6,998,000	250,000
Over $10,000,000	153	15,987,000	26,855,000	1,618,000
PROFIT LEADERS				
0-$250,000	2	102,000	150,000	26,000
$250,000-$500,000	10	187,000	390,000	50,000
$500,000-$1,500,000	26	415,000	967,000	119,000
$1,500,000-$5,000,000	40	1,927,000	2,987,000	329,000
$5,000,000-$10,000,000	24	4,088,000	6,935,000	854,000
Over $10,000,000	41	21,810,000	34,322,000	4,118,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

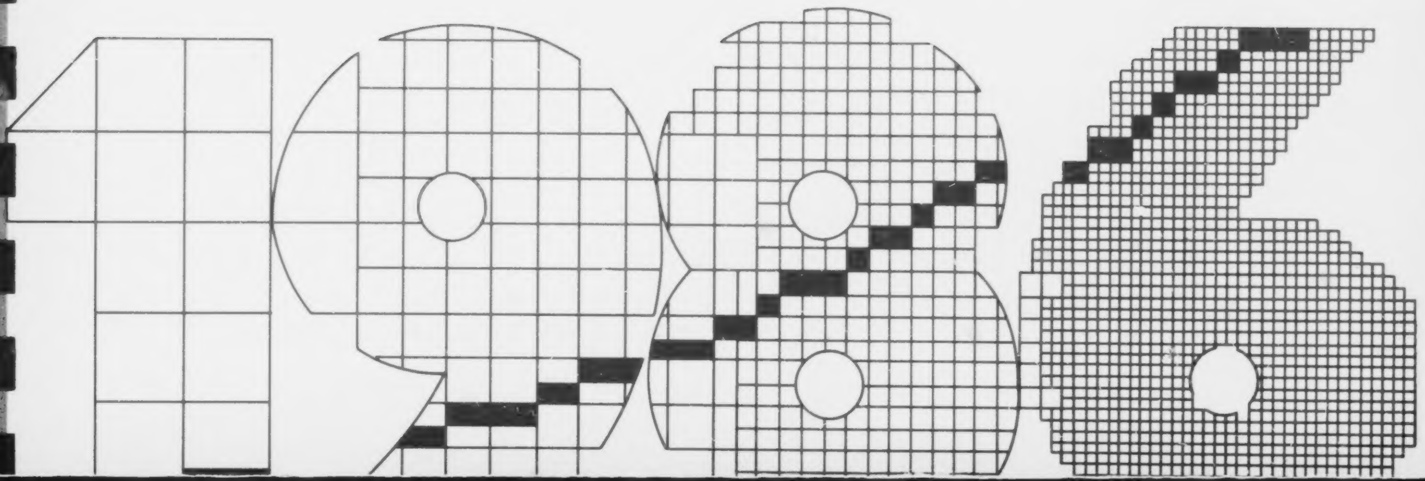
** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 3.

1986
Financial
Ratio
Study

All Printers By
Product Specialty

Volume III

AX940-13U 11/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

ALL PRINTERS BY PRODUCT SPECIALTY

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
1730 North Lynn Street
Arlington, Virginia 22209

Edited and Prepared by H. R. Margolis Company,
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

H. R. MARGOLIS COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Offices
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 867 printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by product specialty - for example, Commercial and Advertising, Magazine and Periodical, Newspaper, etc. Readers can compare their firm's operations with other firms having the same product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PIA PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD 2

VALUE ADDED -- WHAT IT MEANS TO YOU 4- 5

ALL PRINTERS BY PRODUCT SPECIALTY 6-19
    Commercial and Advertising
    Magazine and Periodical
    Newspaper
    Financial
    Direct Mail-Catalog
    Directory
    Label
    Packaging

  Report on Operations - Value Added = 100% 6- 7
  Supporting Schedules - Value Added = 100% 8- 9
  Report on Operations - Sales = 100% 10-11
  Supporting Schedules - Sales = 100% 10-13
  Balance Sheet 14-15
  Significant Facts 16-17
  Return on Investment - Per $100 of Sales 18-19

ABSOLUTE DATA 20

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	

62.2% divided by 3 = 20.7%

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.26	35.82	44.66	40.04	44.47
FACTORY EXPENSES	20.92	19.11	22.60	21.07	23.24
TOTAL FACTORY COST OF PRODUCT	62.18	54.93	67.26	61.11	67.71
GROSS PROFIT	37.82	45.07	32.74	38.89	32.29
ADMINISTRATIVE AND SELLING EXPENSES					
Administrative expenses	16.46	14.45	11.44	9.66	15.64
Selling expenses	14.13	11.78	9.82	7.10	9.18
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.59	26.23	21.26	16.76	24.82
INCOME BEFORE INTEREST EXPENSE	7.23	18.84	11.48	22.13	7.47
Interest expense	3.28	1.92	3.63	3.18	2.88
OPERATING INCOME	3.95	16.92	7.85	18.95	4.59
Other income (expense)	1.03	1.88	1.19	1.26	0.62
INCOME BEFORE INCOME TAXES	4.98	18.80	9.04	20.21	5.21

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* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
42.38	42.62	43.09	39.63	48.64	39.23	36.85	43.86
16.01	22.14	17.92	16.54	18.89	22.38	14.93	23.00
58.39	64.76	61.01	56.17	67.53	61.61	51.78	66.86
41.61	35.24	38.99	43.83	32.47	38.39	48.22	33.14
11.00	12.46	10.96	18.52	10.67	18.46	15.97	8.92
17.39	7.31	8.74	12.28	4.85	11.89	13.67	10.60
28.39	19.77	19.70	30.80	15.52	30.35	29.64	19.52
13.22	15.47	19.29	13.03	16.95	8.04	18.58	13.62
2.35	2.20	1.92	1.86	1.75	3.56	1.45	1.52
10.87	13.27	17.37	11.17	15.20	4.48	17.13	12.10
1.20	0.06	(0.08)	2.22	6.78	1.14	1.05	1.78
12.07	13.33	17.29	13.39	21.98	5.62	18.18	13.88

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL					
Salaries - executive	3.02%	2.74%	3.22%	3.15%	3.79%
Direct wages	28.38	25.08	27.82	24.57	28.48
General factory salaries and wages	2.55	2.07	4.71	4.11	1.27
Packing, shipping and delivery wages	1.33	1.02	1.26	0.89	3.65
Payroll taxes	2.77	2.08	3.01	2.94	2.10
Employee benefits	3.21	2.83	4.64	4.38	5.18
TOTAL FACTORY PAYROLL	41.26	35.82	44.66	40.04	44.47
FACTORY EXPENSES					
Fixed Expenses					
Depreciation - real estate	0.48	0.34	0.45	0.37	0.69
Depreciation - other	5.70	5.60	5.92	6.33	5.42
Taxes - real estate	0.34	0.31	0.33	0.18	0.84
Taxes - other	0.35	0.29	0.41	0.19	0.12
Insurance	0.90	0.87	0.44	0.33	0.59
Building rent	2.46	2.41	1.03	0.56	1.85
Utilities - heat, light, etc.	1.87	1.52	2.72	2.37	1.73
Equipment rental	1.00	0.81	1.40	0.69	2.33
Total Fixed Expenses	13.10	12.15	12.70	11.02	13.57
Other Expenses					
Factory supplies and expense	2.92	2.85	4.19	4.30	2.22
Packing, shipping and delivery expense	1.73	1.68	1.40	1.84	2.74
Repairs and maintenance	2.17	1.78	2.31	2.05	3.75
Other factory expenses	1.00	0.65	2.00	1.86	0.96
Total Other Expenses	7.82	6.96	9.90	10.05	9.67
TOTAL FACTORY EXPENSES	20.92	19.11	22.60	21.07	23.24
ADMINISTRATIVE EXPENSES					
Salaries - executive	5.01	5.15	2.49	2.30	5.78
Salaries - office	4.13	3.44	2.66	2.04	3.26
Payroll taxes	0.64	0.47	0.37	0.35	0.42
Employee benefits	0.85	0.68	0.67	0.71	0.66
Bad debts	0.73	0.63	1.23	0.72	0.94
Office supplies and expenses	0.80	0.66	0.52	0.52	0.86
Professional fees	0.90	0.79	0.66	0.52	0.91
Taxes - business	0.26	0.29	0.09	0.06	0.25
Telephone	0.78	0.61	0.52	0.40	0.96
Other administrative expenses	2.36	1.73	2.23	2.04	1.60
TOTAL ADMINISTRATIVE EXPENSES	16.46	14.45	11.44	9.66	15.64
SELLING EXPENSES					
Salaries - executive	2.13	1.86	0.90	0.60	2.16
Salaries and commissions - salesmen	6.74	5.79	3.79	2.12	3.50
Salaries - sales office clerical	1.09	0.80	1.42	1.47	0.05
Payroll taxes	0.55	0.35	0.39	0.27	0.24
Employee benefits	0.58	0.51	0.64	0.65	0.41
Advertising	0.71	0.51	0.46	0.31	0.63
Travel and entertainment	1.32	1.18	1.07	0.60	1.10
Other selling expenses	1.01	0.78	1.15	1.08	1.09
TOTAL SELLING EXPENSES	14.13	11.78	9.82	7.10	9.18

** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.63%	3.49%	3.45%	3.91%	4.18%	2.50%	2.20%	0.21%
26.93	25.88	24.82	25.99	34.98	24.54	23.06	21.08
6.32	2.77	2.80	2.79	2.01	3.18	2.80	15.73
1.22	2.58	4.75	1.16	0.70	1.35	1.96	1.06
2.28	2.82	2.67	2.68	3.35	2.56	1.97	1.21
2.00	5.08	4.60	3.10	3.42	5.10	4.86	4.57
42.38	42.62	43.09	39.63	48.64	39.23	36.85	43.86
0.19	0.04	0.07	1.38	0.51	0.32	0.41	0.00
2.49	5.17	5.55	3.49	4.98	6.29	3.00	4.80
0.55	0.30	0.40	0.52	0.75	0.41	0.43	0.34
0.19	0.05	0.10	0.59	0.81	0.33	0.24	0.27
1.43	0.40	0.25	0.60	0.96	0.84	0.49	0.43
1.14	1.15	0.45	0.53	0.44	2.53	0.73	3.88
1.46	2.55	2.92	2.13	3.25	2.13	2.04	1.78
0.30	0.92	0.05	0.16	0.00	0.52	0.33	0.19
7.75	10.58	9.79	9.40	11.70	13.37	7.67	11.69
3.47	3.25	2.22	3.08	2.44	3.65	2.13	2.21
1.02	4.54	2.05	0.85	1.41	1.55	0.80	1.56
2.64	2.88	2.58	2.30	3.08	1.83	2.38	2.85
1.13	0.89	1.28	0.91	0.26	1.98	1.95	4.69
8.26	11.56	8.13	7.14	7.19	9.01	7.26	11.31
16.01	22.14	17.92	16.54	18.89	22.38	14.93	23.00
2.40	2.30	1.03	4.85	4.09	4.69	3.72	2.24
2.12	3.82	3.87	3.06	1.81	4.23	4.29	1.46
0.39	0.44	0.40	0.56	0.49	0.69	0.65	0.10
0.18	0.66	0.49	1.07	0.46	1.17	1.78	0.19
0.47	0.84	0.15	2.89	0.30	0.70	0.08	0.32
0.86	0.37	0.29	0.52	0.24	0.67	0.59	1.96
0.32	1.22	0.11	1.58	1.00	1.40	0.75	0.43
0.24	0.03	0.07	0.22	0.46	0.20	0.16	0.17
0.49	0.33	0.29	0.55	0.83	1.00	0.66	1.33
3.53	2.45	4.26	3.22	0.99	3.71	3.29	0.72
11.00	12.46	10.96	18.52	10.67	18.46	15.97	8.92
1.01	0.47	0.35	1.87	0.50	1.69	2.21	3.73
8.66	4.44	5.59	6.37	2.39	4.89	4.09	2.00
2.47	0.71	0.62	1.18	0.62	0.74	1.44	1.43
0.41	0.16	0.12	0.63	0.26	0.38	0.32	0.14
0.22	0.15	0.17	0.19	0.25	0.46	0.55	1.07
0.87	0.19	0.02	0.53	0.14	1.31	3.00	0.71
0.78	0.33	0.29	0.66	0.55	1.46	0.97	0.41
2.97	0.86	1.58	0.85	0.14	0.96	1.09	1.11
17.39	7.31	8.74	12.28	4.85	11.89	13.67	10.60

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT					
MATERIALS					
Paper	22.95	22.30	29.15	26.74	36.64
Other chargeable materials	5.14	4.74	6.14	6.12	5.29
Outside services	9.16	8.60	5.66	6.81	1.83
TOTAL MATERIALS	37.25	35.64	40.95	39.67	43.76
FACTORY PAYROLL	25.88	23.13	26.17	24.29	24.97
FACTORY EXPENSES	13.08	12.25	13.25	12.65	12.76
TOTAL FACTORY COST OF PRODUCT	76.21	71.02	80.37	76.61	81.49
GROSS PROFIT	23.79	28.98	19.63	23.39	18.51
ADMINISTRATIVE AND SELLING EXPENSES					
Administrative expenses	10.43	9.41	6.87	5.71	8.61
Selling expenses	8.83	7.65	5.90	4.33	5.59
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.26	17.06	12.77	10.04	14.20
INCOME BEFORE INTEREST EXPENSE	4.53	11.92	6.86	13.35	4.31
Interest expense	2.03	1.20	2.11	1.88	1.55
OPERATING INCOME	2.50	10.72	4.75	11.47	2.76
Other income (expense)	0.62	1.13	0.64	0.62	0.41
INCOME BEFORE INCOME TAXES	3.12	11.85	5.39	12.09	3.17

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
OTHER CHARGEABLE MATERIALS					
Ink	1.53%	1.43%	2.91%	3.26%	1.66%
Film	1.15	1.05	1.06	1.11	1.38
Plates	1.23	1.01	0.99	1.10	1.02
Other chargeable materials	1.23	1.25	1.18	0.65	1.23
TOTAL OTHER CHARGEABLE MATERIALS	5.14	4.74	6.14	6.12	5.29
OUTSIDE SERVICES					
Composition	0.87	0.85	0.72	1.53	0.22
Offset preparation	1.52	1.44	1.02	0.72	0.45
Printing	2.24	2.55	1.48	2.90	0.43
Binding	2.52	1.87	1.22	1.01	0.27
Other outside services	2.01	1.89	1.22	0.65	0.46
TOTAL OUTSIDE SERVICES	9.16	8.60	5.66	6.81	1.83

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
12.17	35.38	32.74	26.62	31.06	22.66	19.37	19.33
1.61	4.88	5.25	4.63	5.63	8.67	5.06	11.97
8.51	7.57	3.86	9.09	1.96	4.61	3.57	7.43
22.29	47.83	41.85	40.34	38.65	35.94	28.00	38.73
32.60	22.23	24.97	25.04	29.73	24.92	26.14	26.34
12.42	11.25	10.44	10.49	11.89	13.79	10.52	14.30
67.31	81.31	77.26	75.87	80.27	74.65	64.66	79.37
32.69	18.69	22.74	24.13	19.73	25.35	35.34	20.63
8.53	6.37	6.41	10.23	6.65	12.02	11.90	5.68
13.33	3.95	5.09	6.47	2.87	7.82	10.17	6.21
21.86	10.32	11.50	16.70	9.52	19.84	22.07	11.89
10.83	8.37	11.24	7.43	10.21	5.51	13.27	8.74
1.85	1.15	1.12	1.22	1.09	2.10	0.95	0.87
8.98	7.22	10.12	6.21	9.12	3.41	12.32	7.87
0.90	0.01	(0.05)	1.62	4.86	0.60	0.78	1.01
9.88	7.23	10.07	7.83	13.98	4.01	13.10	8.88

0.52%	3.31%	3.55%	0.98%	1.27%	2.83%	2.17%	2.07%
0.72	0.68	0.66	0.79	0.86	0.42	0.51	1.91
0.37	0.57	0.48	1.17	1.53	0.86	1.02	0.18
0.00	0.32	0.56	1.69	1.97	4.56	1.36	7.81
1.61	4.88	5.25	4.63	5.63	8.67	5.06	11.97
0.38	0.01	0.00	0.05	0.07	0.45	0.28	0.02
1.27	0.90	1.72	1.37	0.43	0.61	0.68	0.15
0.12	3.26	0.19	4.61	0.00	1.67	0.74	0.59
1.53	2.00	1.50	0.79	1.46	0.17	0.03	0.01
5.21	1.40	0.45	2.27	0.00	1.71	1.84	6.66
8.51	7.57	3.86	9.09	1.96	4.61	3.57	7.43

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL					
Salaries - executive	1.90%	1.79%	1.90%	1.90%	2.00%
Direct wages	17.85	16.21	16.39	14.95	15.95
General factory salaries and wages	1.57	1.31	2.68	2.50	0.80
Packing, shipping and delivery wages	0.82	0.64	0.73	0.51	2.13
Payroll taxes	1.74	1.35	1.78	1.78	1.09
Employee benefits	2.00	1.83	2.69	2.65	3.00
TOTAL FACTORY PAYROLL	25.88	23.13	26.17	24.29	24.97
FACTORY EXPENSES					
Fixed Expenses					
Depreciation - real estate	0.29	0.21	0.27	0.24	0.38
Depreciation - other	3.56	3.58	3.43	3.79	3.07
Taxes - real estate	0.21	0.20	0.20	0.12	0.42
Taxes - other	0.22	0.19	0.24	0.11	0.08
Insurance	0.57	0.56	0.27	0.19	0.32
Building-rent	1.57	1.59	0.63	0.34	0.90
Utilities - heat, light, etc.	1.16	0.95	1.56	1.41	0.91
Equipment rental	0.65	0.53	0.86	0.40	1.13
Total Fixed Expenses	8.23	7.81	7.46	6.60	7.21
Other Expenses					
Factory supplies and expense	1.83	1.83	2.46	2.60	1.25
Packing, shipping and delivery expense	1.06	1.07	0.85	1.13	1.71
Repairs and maintenance	1.34	1.12	1.33	1.19	2.08
Other factory expenses	0.62	0.42	1.15	1.13	0.51
Total Other Expenses	4.85	4.44	5.79	6.05	5.55
TOTAL FACTORY EXPENSES	13.08	12.25	13.25	12.65	12.76
ADMINISTRATIVE EXPENSES					
Salaries - executive	3.19	3.36	1.55	1.37	3.06
Salaries - office	2.63	2.25	1.63	1.24	1.32
Payroll taxes	0.41	0.30	0.23	0.22	0.22
Employee benefits	0.54	0.44	0.40	0.43	0.37
Bad debts	0.46	0.41	0.66	0.42	0.54
Office supplies and expenses	0.50	0.43	0.32	0.32	0.51
Professional fees	0.56	0.51	0.41	0.34	0.52
Taxes - business	0.17	0.19	0.05	0.04	0.14
Telephone	0.49	0.40	0.32	0.24	0.53
Other administrative expenses	1.48	1.12	1.30	1.09	0.90
TOTAL ADMINISTRATIVE EXPENSES	10.43	9.41	6.87	5.71	8.61
SELLING EXPENSES					
Salaries - executive	1.34	1.22	0.53	0.37	1.22
Salaries and commissions - salesmen	4.18	3.72	2.33	1.24	2.24
Salaries - sales office clerical	0.69	0.53	0.82	0.90	0.03
Payroll taxes	0.35	0.23	0.23	0.16	0.14
Employee benefits	0.37	0.34	0.37	0.39	0.26
Advertising	0.45	0.34	0.28	0.20	0.39
Travel and entertainment	0.82	0.77	0.64	0.38	0.61
Other selling expenses	0.63	0.50	0.70	0.69	0.70
TOTAL SELLING EXPENSES	8.83	7.65	5.90	4.33	5.59

** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.77%	1.79%	2.00%	2.59%	2.53%	1.62%	1.54%	0.12%
20.82	13.39	14.32	16.62	21.78	15.62	16.51	13.43
4.78	1.46	1.63	1.62	1.05	2.05	2.00	8.93
0.93	1.49	2.79	0.71	0.46	0.81	1.35	0.60
1.78	1.46	1.55	1.67	2.01	1.63	1.40	0.68
1.52	2.64	2.68	1.83	1.90	3.19	3.34	2.58
32.60	22.23	24.97	25.04	29.73	24.92	26.14	26.34
0.14	0.02	0.04	0.98	0.32	0.20	0.27	0.00
1.98	2.74	3.22	2.09	3.08	3.86	1.95	3.13
0.40	0.16	0.24	0.34	0.44	0.25	0.30	0.24
0.15	0.03	0.06	0.36	0.49	0.21	0.17	0.19
1.10	0.20	0.14	0.42	0.69	0.52	0.38	0.29
0.91	0.56	0.26	0.33	0.33	1.65	0.53	2.34
1.12	1.36	1.71	1.32	2.00	1.32	1.43	1.10
0.22	0.41	0.03	0.09	0.00	0.33	0.24	0.11
6.02	5.48	5.70	5.93	7.35	8.34	5.27	7.40
2.68	1.64	1.30	1.89	1.57	2.16	1.55	1.25
0.79	2.15	1.19	0.51	0.76	0.92	0.56	0.96
2.05	1.49	1.50	1.54	2.04	1.17	1.63	1.85
0.88	0.49	0.75	0.62	0.17	1.20	1.51	2.84
6.40	5.77	4.74	4.56	4.54	5.45	5.25	6.90
12.42	11.25	10.44	10.49	11.89	13.79	10.52	14.30
1.85	1.10	0.60	2.77	2.71	3.05	2.73	1.44
1.61	1.98	2.25	1.60	1.13	2.75	3.23	0.82
0.31	0.22	0.23	0.31	0.30	0.44	0.47	0.06
0.14	0.33	0.28	0.53	0.27	0.82	1.39	0.11
0.38	0.38	0.08	1.73	0.15	0.46	0.06	0.18
0.67	0.18	0.17	0.32	0.14	0.43	0.44	1.36
0.24	0.58	0.06	0.82	0.58	0.93	0.56	0.28
0.18	0.02	0.04	0.13	0.31	0.12	0.12	0.12
0.37	0.17	0.17	0.32	0.51	0.63	0.50	0.90
2.78	1.41	2.53	1.70	0.55	2.39	2.40	0.41
8.53	6.37	6.41	10.23	6.65	12.02	11.90	5.68
0.76	0.24	0.20	0.94	0.25	1.06	1.57	2.28
6.64	2.43	3.30	3.18	1.52	3.15	2.91	1.13
1.94	0.37	0.35	0.76	0.30	0.53	1.14	0.81
0.31	0.08	0.07	0.33	0.16	0.25	0.23	0.08
0.17	0.08	0.10	0.13	0.14	0.31	0.41	0.60
0.65	0.09	0.01	0.31	0.07	1.00	2.42	0.45
0.61	0.17	0.16	0.36	0.36	0.92	0.67	0.23
2.25	0.49	0.90	0.46	0.07	0.60	0.82	0.63
13.33	3.95	5.09	6.47	2.87	7.82	10.17	6.21

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS					
CURRENT ASSETS					
Cash	6.63%	8.48%	5.41%	12.28%	6.78%
Receivables	34.16	32.50	29.66	25.18	31.13
Inventories	10.90	8.82	13.24	11.79	10.55
Other current assets	3.88	6.10	4.04	8.35	6.12
TOTAL CURRENT ASSETS	55.57	55.90	52.35	57.60	54.58
FIXED ASSETS					
Real estate	9.09	8.48	13.89	12.01	22.43
Less: Accumulated depreciation	2.96	2.26	4.30	2.40	5.76
	6.13	6.22	9.59	9.61	16.67
Machinery and equipment	69.88	66.04	66.82	57.77	54.98
Less: Accumulated depreciation	39.29	35.24	32.93	27.47	31.74
	30.59	30.80	33.89	30.30	23.24
Other fixed assets	8.24	6.64	5.06	3.10	4.66
Less: Accumulated depreciation	4.52	3.37	2.71	0.86	1.66
	3.72	3.27	2.35	2.24	3.00
NET FIXED ASSETS	40.44	40.29	45.83	42.15	42.91
OTHER ASSETS	3.99	3.81	1.82	0.25	2.51
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Notes payable	9.76	4.68	9.39	6.39	8.66
Accounts payable	14.35	10.85	11.88	8.54	14.51
Other current liabilities	8.37	8.64	7.72	7.27	5.17
TOTAL CURRENT LIABILITIES	32.48	24.17	28.99	22.20	28.34
LONG-TERM LIABILITIES	30.48	24.85	27.46	27.12	37.37
TOTAL LIABILITIES	62.96	49.02	56.45	49.32	65.71
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.04	50.98	43.55	50.68	34.29
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.71	2.31	1.81	2.59	1.93
QUICK RATIO	1.38	1.95	1.35	2.06	1.55
TOTAL LIABILITIES TO EQUITY	1.70	0.96	1.30	0.97	1.92
LONG-TERM LIABILITIES TO EQUITY	0.82	0.49	0.63	0.54	1.09
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.53	0.49	0.48	0.58

** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.27%	1.86%	3.50%	13.70%	27.85%	5.25%	11.07%	15.24%
22.30	27.31	33.94	28.48	21.30	30.16	28.40	22.43
9.95	21.60	7.67	13.71	9.03	18.08	16.02	23.63
20.53	0.32	0.36	4.14	3.59	5.29	7.62	3.24
55.05	51.09	45.47	60.03	61.77	58.78	63.11	64.54
22.93	6.69	5.74	20.16	24.58	11.24	18.29	14.96
1.27	1.87	2.04	4.91	6.95	3.43	4.83	0.16
21.66	4.82	3.70	15.25	17.63	7.81	13.46	14.80
42.24	66.55	75.97	56.22	61.60	58.77	40.62	57.59
21.27	29.79	36.15	39.00	41.85	35.41	22.71	36.93
20.97	36.76	39.82	17.22	19.75	23.36	17.91	20.66
0.93	3.02	2.70	5.74	1.00	5.05	4.59	0.00
0.62	1.29	0.82	3.98	0.33	2.57	1.55	0.00
0.31	1.73	1.88	1.76	0.67	2.48	3.04	0.00
42.94	43.31	45.40	34.23	38.05	33.65	34.41	35.46
2.01	5.60	9.13	5.74	0.18	7.57	2.48	0.00
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

11.44	1.76	2.56	1.73	1.88	8.39	1.71	2.30
12.08	10.17	7.86	15.11	8.02	12.90	8.92	1.99
7.14	13.17	8.99	16.33	11.82	8.90	11.97	8.27
30.66	25.10	19.41	33.17	21.72	30.19	22.60	12.56
43.36	19.95	15.43	14.88	9.83	30.58	7.71	3.54
74.02	45.05	34.84	48.05	31.55	60.77	30.31	16.10
25.98	54.95	65.16	51.95	68.45	39.23	69.69	83.90
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

1.80	2.04	2.34	1.81	2.84	1.95	2.79	5.14
1.47	1.17	1.95	1.40	2.43	1.35	2.08	3.26
2.85	0.82	0.53	0.92	0.46	1.55	0.43	0.19
1.67	0.36	0.24	0.29	0.14	0.78	0.11	0.04
0.50	0.45	0.48	0.69	0.68	0.60	0.56	0.64

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT					
Average assets per employee - All employees	$ 38,095	$ 46,210	$ 50,070	$ 61,274	$ 33,345
Average assets per factory employee (Excluding Executives)	55,304	66,337	63,579	74,951	46,639
Average net worth per employee - All employees	14,515	23,752	22,752	31,534	10,262
Average gross plant investment per factory employee (Excluding Executives)	46,282	51,241	51,446	51,979	35,576
Net worth percentage of fixed assets	140.13%	149.35%	105.28%	142.84%	58.75%
EMPLOYEES					
Percent factory - All employees	72.94%	73.58%	83.41%	87.28%	77.86%
Percent administrative - All employees	14.79	14.91	8.78	7.41	12.88
Percent sales - All employees	12.27	11.51	7.81	5.31	9.26
SALES - VALUE OF PRODUCT PRODUCED					
INCLUDING EXECUTIVES					
Sales per employee - All employees	$ 75,367	$ 83,002	$ 85,111	$ 89,708	$ 58,965
Sales per factory employee	104,384	114,159	102,643	103,348	76,607
Sales less material per factory employee	64,043	71,353	58,697	60,555	42,188
Sales per administrative employee	687,408	797,187	1,329,375	1,682,993	502,472
EXCLUDING EXECUTIVES					
Sales per employee - All employees	85,007	92,362	92,206	97,990	69,872
Sales per factory employee	111,340	120,011	109,405	111,528	82,176
Sales less material per factory employee	68,208	75,119	62,549	65,297	45,041
SALES PER SALESMAN	674,404	753,193	2,343,180	3,842,194	741,188
SALES TO CURRENT ASSETS	433%	411%	387%	287%	399%
PAYROLL - INCLUDING TAXES AND BENEFITS					
INCLUDING EXECUTIVES					
Total payroll percentage of sales	39.57%	35.54%	34.26%	30.61%	34.33%
Factory payroll percentage of gross plant investment	82.98	61.30	62.62	53.19	71.81
Payroll per employee - All employees	$ 28,769	$ 28,013	$ 27,842	$ 26,544	$ 19,492
Payroll per factory employee	25,758	24,745	25,876	24,074	18,155
Payroll per administrative employee	34,247	36,810	34,899	41,942	25,515
Payroll per sales employee	43,605	43,414	44,570	47,770	23,927
PAYROLL - EXCLUDING TAXES AND BENEFITS					
EXCLUDING EXECUTIVES					
Payroll per employee - All employees	$ 22,324	$ 21,426	$ 21,539	$ 20,181	$ 14,430
Payroll per factory employee	21,163	20,242	20,690	19,056	14,374
Payroll per administrative employee	17,472	16,365	18,011	18,801	12,994
Payroll per sales employee	34,432	34,028	34,481	33,494	13,670
EXECUTIVE PAYROLL					
Payroll per executive - All executives	53,469	59,344	50,253	45,568	$ 35,391
Payroll per factory executive	32,697	33,927	38,557	35,173	29,821
Payroll per administrative executive	63,191	77,287	69,004	73,518	41,978
Payroll per sales executive	46,803	45,585	55,159	58,993	27,102
RECEIVABLES					
Collection period	59.0	60.0	60.0	58.5	68.3
PROFIT					
Gross profit percentage of sales	23.79%	28.98%	19.63%	23.39%	18.51%
Average gross profit per factory employee	$ 26,604	$ 34,699	$ 20,977	$ 25,875	$ 14,885
Income before taxes percentage of sales	3.12%	11.85%	5.39%	12.09%	3.17%
Average income before taxes per employee	$ 2,663	$ 9,905	$ 4,715	$ 10,736	$ 1,900

** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 41,799	$ 60,724	$ 68,609	$ 46,098	$ 55,240	$ 48,041	$ 54,136	$ 39,276
61,569	80,865	95,378	127,586	68,772	70,224	79,399	55,361
12,511	35,354	51,859	24,385	38,694	19,189	36,204	31,894
38,000	64,525	76,309	61,141	57,097	50,803	50,738	37,821
134.24%	145.97%	142.63%	165.94%	185.44%	179.92%	349.33%	261.99%
73.40%	81.31%	80.99%	70.36%	85.77%	73.67%	72.08%	73.43%
9.91	11.48	11.27	13.54	10.03	16.57	17.84	12.34
16.69	7.21	7.74	16.10	4.20	9.76	10.08	14.23
$ 59,926	$ 118,989	$ 116,302	$ 95,359	$ 82,103	$ 84,623	$ 82,487	$ 67,035
82,602	150,282	151,701	312,750	95,770	118,760	119,494	89,227
64,479	79,223	88,974	143,612	56,459	73,658	85,829	53,977
814,824	1,478,318	1,043,163	854,490	882,470	695,203	682,082	955,023
67,033	126,777	123,048	106,700	91,075	93,914	90,759	81,544
89,658	158,530	159,622	319,483	102,765	126,395	124,209	89,429
69,940	83,468	93,627	147,859	60,471	78,393	89,050	54,092
339,630	1,172,754	743,333	1,042,480	2,183,333	807,366	934,235	1,740,000
318%	499%	410%	380%	286%	342%	260%	280%
46.34%	29.06%	32.36%	35.59%	36.51%	37.27%	40.21%	33.68%
82.19	86.24	54.58	56.26	51.99	75.17	91.70	65.59
$ 26,972	$ 34,046	$ 36,473	$ 31,375	$ 28,820	$ 30,075	$ 32,243	$ 23,419
26,058	32,229	34,879	27,385	27,453	27,225	28,307	23,649
27,490	33,140	35,150	38,974	32,819	36,444	35,278	22,511
38,263	44,621	61,286	41,966	57,427	47,737	51,000	38,575
$ 23,975	$ 26,587	$ 29,457	$ 23,901	$ 22,910	$ 22,157	$ 23,586	$ 21,013
23,083	24,885	27,177	22,753	22,803	21,395	22,628	20,423
14,736	21,572	25,898	17,665	14,773	17,956	18,229	14,730
36,445	40,544	56,204	35,414	47,426	38,100	42,139	22,183
31,413	56,086	55,872	54,867	42,411	62,902	63,159	53,315
28,732	48,361	53,121	33,777	35,790	26,029	30,500	14,307
38,702	71,974	66,213	65,270	50,730	64,638	68,809	33,365
19,214	37,109	33,755	43,930	48,729	46,186	79,129	71,991
55.7	50.5	68.9	52.9	51.9	62.0	67.8	46.2
32.69%	18.69%	22.74%	24.13%	19.73%	25.35%	35.34%	20.63%
$ 30,272	$ 31,753	$ 39,495	$ 106,065	$ 19,625	$ 32,440	$ 47,016	$ 18,079
9.88%	7.23%	10.07%	7.83%	13.98%	4.01%	13.10%	8.88%
$ 7,064	$ 9,125	$ 12,263	$ 7,136	$ 10,684	$ 3,351	$ 10,160	$ 4,984

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT					
Current Assets:					
Cash	$ 3.36	$ 5.20	$ 3.75	$ 9.58	$ 2.99
Receivables	15.73	15.99	15.87	15.59	17.82
Inventories	5.37	4.72	7.36	8.25	5.55
Marketable securities	0.67	1.84	0.74	1.99	1.06
Other current assets	1.36	2.08	1.91	4.03	1.48
	26.49	29.83	29.63	39.44	28.90
Plant Investment:					
Land and building	5.46	5.74	7.82	8.33	12.51
Machinery and equipment	33.50	33.71	37.44	38.00	28.99
Other fixed assets	3.75	3.45	2.45	2.16	2.39
	42.71	42.90	47.71	48.49	43.89
Non-Current Assets	2.17	2.52	1.40	0.85	1.40
TOTAL INVESTMENT	71.37	75.25	78.74	88.78	74.19
INVESTMENT TURNOVER PER $100 OF SALES	140.11%	132.89%	127.00%	112.64%	134.79%
EARNINGS					
Cost of Product	$76.21	$71.02	$80.37	$76.61	$81.49
Selling Expenses	8.83	7.65	5.90	4.33	5.59
Administrative Expenses	10.43	9.41	6.87	5.71	8.61
	95.47	88.08	93.14	86.65	95.69
Income Before Interest, Other Income (Expense), and Taxes	4.53	11.92	6.86	13.35	4.31
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.35%	15.84%	8.71%	15.04%	5.81%

** Sample insufficient for Profit Leaders.

FINANCIAL**	DIRECT MAIL-CATALOG		DIRECTORY		LABEL		PACKAGING**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.49	$ 0.85	$ 1.66	$10.15	$ 24.47	$ 2.78	$ 6.08	$11.02
14.74	13.76	18.88	13.05	13.84	16.75	18.41	12.59
6.38	6.31	3.76	6.29	4.96	9.56	10.50	15.49
0.00	0.00	0.00	1.36	2.07	0.36	1.01	0.00
16.64	0.19	0.22	1.00	1.59	3.37	4.37	1.01
39.25	21.11	24.52	31.85	46.93	32.82	40.37	40.11
14.45	3.56	2.73	10.77	15.23	7.15	13.48	12.19
25.98	33.04	42.11	29.53	42.59	33.35	27.24	31.88
0.77	1.23	1.56	2.96	1.06	2.86	3.02	0.00
42.20	37.83	46.40	43.26	58.88	43.36	43.74	44.07
1.62	3.50	5.80	3.04	0.19	5.45	1.48	0.00
83.07	62.44	76.72	78.15	106.00	81.63	85.59	84.18
120.38%	160.15%	130.34%	127.96%	94.34%	122.50%	116.84%	118.79%
$67.31	$81.31	$77.26	$75.87	$ 80.27	$74.65	$64.66	$79.37
13.33	3.95	5.09	6.47	2.87	7.82	10.17	6.21
8.53	6.37	6.41	10.23	6.65	12.02	11.90	5.68
89.17	91.63	88.76	92.57	89.79	94.49	86.73	91.26
10.83	8.37	11.24	7.43	10.21	5.51	13.27	8.74
13.04%	13.40%	14.65%	9.51%	9.63%	6.75%	15.50%	10.38%

ABSOLUTE DATA

		AVERAGE FIRM REPORTING**		
	NUMBER OF PARTICIPATING FIRMS	TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL PRINTING FIRMS	867	$ 4,218,000	$ 7,383,000	$ 372,000
TOTAL - PROFIT LEADERS*	143	7,568,000	12,045,000	1,441,000
ALL PRINTERS BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	710	3,305,000	5,903,000	259,000
Magazine and Periodical	40	17,679,000	29,255,000	2,160,000
Newspaper	10	1,679,000	3,214,000	88,000
Financial	3	2,495,000	3,824,000	292,000
Direct Mail - Catalog	4	16,801,000	30,320,000	2,417,000
Directory	6	3,639,000	7,480,000	618,000
Label	26	5,041,000	7,632,000	434,000
Packaging	3	3,656,000	5,823,000	332,000
Book	31	5,166,000	8,656,000	455,000
Business Forms Manufacturers	20	4,679,000	9,763,000	539,000
No Predominant Product	14	6,761,000	10,737,000	(11,000)
PROFIT LEADERS				
Commercial and Advertising	104	4,910,000	8,051,000	961,000
Magazine and Periodical	13	31,033,000	48,404,000	5,922,000
Newspaper	1	1,880,000	3,021,000	408,000
Financial	1	2,571,000	3,125,000	739,000
Direct Mail-Catalog	2	16,409,000	27,877,000	2,934,000
Directory	2	5,558,000	8,293,000	1,076,000
Label	8	6,594,000	9,646,000	1,225,000
Packaging	1	67,000	75,000	12,000
Book	6	8,266,000	12,245,000	1,201,000
Business Forms Manufacturers	2	3,653,000	5,398,000	527,000
No Predominant Product	3	3,378,000	5,303,000	629,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

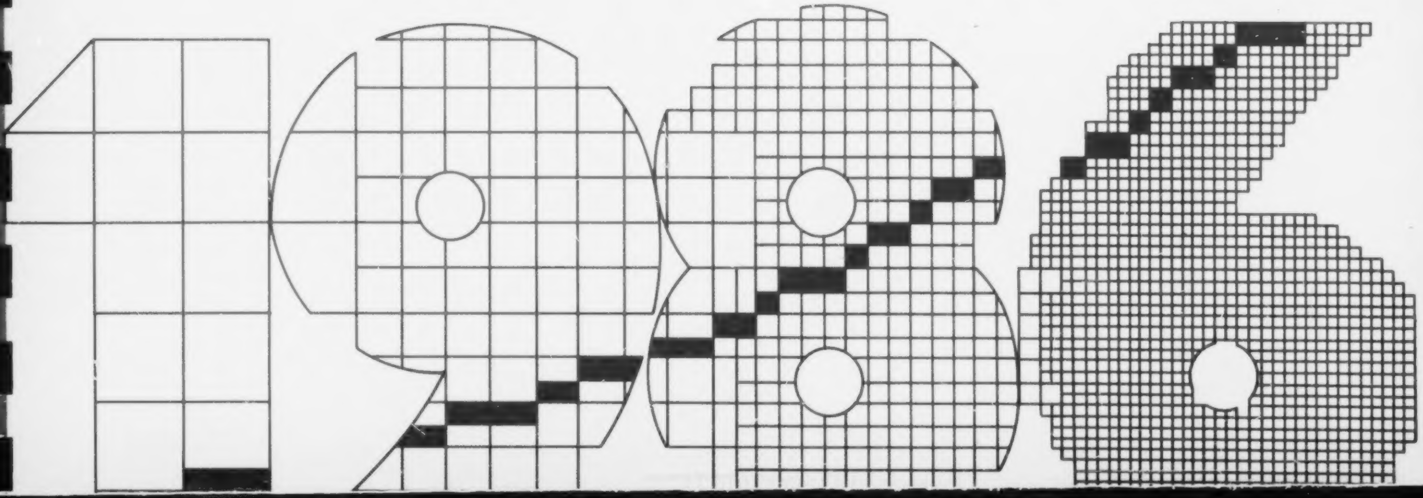
** Unlike the ratios shown in this book, these figures are arithmetic averages. See page 3 for explanatory note.

1986
Financial
Ratio
Study

All Printers By
Geographic Area

Volume IV

A8740-1.4 U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

ALL PRINTERS BY GEOGRAPHIC REGION

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PRINTING INDUSTRIES OF AMERICA, INC.

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Arlington, Virginia 22209

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Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 867 printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by geographic region - for example New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare their firm's operations with other firms in the same geographic region in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD 2

VALUE ADDED -- WHAT IT MEANS TO YOU 4- 5

ALL PRINTERS BY GEOGRAPHIC REGION 6-19
- New England and Up-State New York
- Metropolitan New York and New Jersey
- Eastern Penna., Maryland and D.C.
- Southeast Atlantic
- East North Central
- South Central
- Chicago Area
- West North Central
- Plains and Mountain States
- Pacific Southwest
- Pacific Northwest
- Canada

Report on Operations - Value Added = 100% 6- 7
Supporting Schedules - Value Added = 100% 8- 9
Report on Operations - Sales = 100% 10-11
Supporting Schedules - Sales = 100% 10-13
Balance Sheet 14-15
Significant Facts 16-17
Return on Investment - Per $100 of Sales 18-19

ABSOLUTE DATA 20

REGIONAL GEOGRAPHIC BREAKDOWN

New England and Upstate New York
Upstate New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine

Metropolitan New York and New Jersey

Eastern Pennsylvania, Maryland and the District of Columbia

Southeast Atlantic
Virginia, West Virginia, Eastern Tennesee, North Carolina, South Carolina, Georgia and Florida

East North Central
Ohio, Michigan and Western Pennslyvania

South Central
Southern Indiana, Kentucky, Missouri, Southern Illinois, Arkansas, Western Tennessee, Alabama, Mississippi and Louisiana

Chicago Area
Northern Illinois, Northern Indiana, and Eastern Michigan

West North Central
Iowa, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin

Plains and Mountain States
Texas, Oklahoma, New Mexico, Northern Arizona, Northwestern Nevada, Wyoming, Western Idaho, Montana, Kansas, Utah, and Colorado

Pacific Southwest
Southwestern Nevada, Southern Arizona, and Southern California

Pacific Northwest
Northern California, Northeastern Nevada, Oregon, Eastern Idaho, Washington, Alaska and Hawaii

Canada

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.84	40.11	44.10
FACTORY EXPENSES	21.32	21.02	21.69
TOTAL FACTORY COST OF PRODUCT	63.16	61.13	65.79
GROSS PROFIT	36.84	38.87	34.21
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.51	19.93	15.31
Selling expenses	13.35	13.23	12.29
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	28.86	33.16	27.60
INCOME BEFORE INTEREST EXPENSE	7.98	5.71	6.61
Interest expense	3.09	2.89	3.31
OPERATING INCOME	4.89	2.82	3.30
Other income	0.45	0.21	0.59
INCOME BEFORE INCOME TAXES	5.34	3.03	3.89

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
X	X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
41.19	44.33	42.81	42.16	41.98	41.04	39.24	39.26	42.99
21.57	19.98	21.81	20.47	21.38	22.72	20.73	21.63	18.38
62.76	64.31	64.62	62.63	63.36	63.76	59.97	60.89	61.37
37.24	35.69	35.38	37.37	36.64	36.24	40.03	39.11	38.63
15.68	14.73	15.36	14.79	16.76	17.30	18.15	18.63	13.84
13.65	12.94	14.11	13.92	12.99	13.27	14.42	13.61	14.19
29.33	27.67	29.47	28.71	29.75	30.57	32.57	32.24	28.03
7.91	8.02	5.91	8.66	6.89	5.67	7.46	6.87	10.60
3.32	3.06	3.12	3.21	3.62	3.47	3.18	3.52	3.06
4.59	4.96	2.79	5.45	3.27	2.20	4.28	3.35	7.54
0.69	1.00	1.68	1.81	1.33	1.64	0.71	0.93	1.03
5.28	5.96	4.47	7.26	4.60	3.84	4.99	4.28	8.57

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	3.05%	2.21%	3.14%
Direct wages	27.98	25.81	29.43
General factory salaries and wages	2.83	3.46	2.71
Packing, shipping and delivery wages	1.22	1.89	1.42
Payroll taxes	3.00	2.63	3.34
Employee benefits	3.76	4.11	4.06
TOTAL FACTORY PAYROLL	41.84	40.11	44.10
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.49	0.28	0.49
Depreciation - other	5.78	5.59	5.42
Taxes - real estate	0.40	0.10	0.27
Taxes - other	0.25	0.11	0.22
Insurance	0.86	0.91	1.05
Building rent	2.23	2.63	2.19
Utilities - heat, light, etc.	2.13	2.51	2.14
Equipment rental	0.96	0.04	1.16
Total Fixed Expenses	13.10	12.17	12.94
Other Expenses			
Factory supplies and expense	3.14	3.21	3.62
Packing, shipping and delivery expense	1.81	2.74	1.59
Repairs and maintenance	2.11	1.89	2.41
Other factory expenses	1.16	1.01	1.13
Total Other Expenses	8.22	8.85	8.75
TOTAL FACTORY EXPENSES	21.32	21.02	21.69
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.52	6.65	4.54
Salaries - office	4.27	5.06	3.60
Payroll taxes	0.66	0.70	0.63
Employee benefits	0.96	0.73	0.95
Bad debts	0.45	0.37	0.61
Office supplies and expenses	0.74	0.90	0.64
Professional fees	0.82	1.07	1.03
Taxes - business	0.06	0.08	0.19
Telephone	0.80	0.95	0.81
Other administrative expenses	2.23	3.42	2.31
TOTAL ADMINISTRATIVE EXPENSES	15.51	19.93	15.31
SELLING EXPENSES			
Salaries - executive	1.59	1.35	2.20
Salaries and commissions - salesmen	6.32	5.87	5.17
Salaries - sales office clerical	1.31	0.28	0.96
Payroll taxes	0.53	0.40	0.55
Employee benefits	0.66	0.48	0.48
Advertising	0.49	0.87	0.51
Travel and entertainment	1.49	1.77	1.19
Other selling expenses	0.96	2.21	1.23
TOTAL SELLING EXPENSES	13.35	13.23	12.29

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
3.32%	3.22%	3.21%	2.64%	2.70%	3.31%	3.30%	2.42%	3.40%
28.43	28.14	28.51	27.51	28.87	28.37	26.80	26.85	30.15
2.72	4.03	2.61	2.97	2.45	2.48	2.01	2.47	3.76
1.45	0.93	1.59	1.61	1.10	1.58	1.33	0.95	1.33
2.69	3.45	3.02	3.23	3.18	2.86	2.66	3.30	1.08
2.58	4.56	3.87	4.20	3.68	2.44	3.14	3.27	3.27
41.19	44.33	42.81	42.16	41.98	41.04	39.24	39.26	42.99
0.48	0.60	0.56	0.47	0.73	0.42	0.30	0.39	0.41
6.47	5.55	5.64	5.20	5.42	6.53	5.08	5.87	4.76
0.40	0.30	0.28	0.51	0.42	0.31	0.23	0.26	0.47
0.33	0.63	0.55	0.14	0.17	0.53	0.50	0.53	0.15
0.90	0.63	0.88	0.80	0.87	0.99	1.10	0.88	0.40
2.09	1.67	1.83	1.97	2.05	2.30	3.37	4.13	2.00
1.95	2.12	2.09	2.36	2.05	2.19	1.65	1.39	1.37
0.74	0.81	1.05	0.54	1.07	1.68	1.32	1.37	0.48
13.36	12.31	12.88	11.99	12.78	14.95	13.55	14.82	10.04
3.45	3.17	3.13	3.17	3.18	2.78	2.54	2.70	2.67
1.33	1.12	1.84	2.09	2.54	1.61	1.35	1.22	2.07
2.36	1.87	2.25	2.20	2.02	2.30	2.20	1.93	2.55
1.07	1.51	1.71	1.02	0.86	1.08	1.09	0.96	1.05
8.21	7.67	8.93	8.48	8.60	7.77	7.18	6.81	8.34
21.57	19.98	21.81	20.47	21.38	22.72	20.73	21.63	18.38
4.39	4.15	4.69	4.16	5.52	5.53	5.09	5.54	3.61
4.04	3.63	3.59	3.63	3.76	4.62	4.64	4.35	3.61
0.56	0.62	0.58	0.52	0.65	0.88	0.70	0.82	0.17
0.66	1.01	1.00	0.91	1.02	0.68	1.12	0.99	0.47
0.69	0.58	0.61	0.72	0.81	1.00	1.06	0.86	0.92
0.83	0.65	0.68	0.70	0.88	0.74	0.88	0.84	0.85
0.85	0.84	1.15	0.92	0.79	0.74	0.91	0.93	0.90
0.20	0.41	0.27	0.29	0.10	0.23	0.10	0.69	0.31
0.84	0.64	0.71	0.63	0.68	0.68	0.94	0.92	0.78
2.62	2.20	2.08	2.31	2.55	2.20	2.71	2.69	2.22
15.68	14.73	15.36	14.79	16.76	17.30	18.15	18.63	13.84
1.99	2.23	1.89	2.40	1.96	1.89	2.14	2.39	1.87
6.65	5.81	6.71	6.20	6.00	6.64	6.20	6.24	7.01
1.14	1.16	1.15	1.10	1.06	1.08	1.12	0.99	1.19
0.64	0.60	0.60	0.53	0.53	0.54	0.55	0.64	0.21
0.51	0.67	0.71	0.67	0.55	0.40	0.58	0.73	0.50
0.59	0.48	0.74	0.63	0.68	0.74	0.98	0.81	0.81
1.09	1.22	1.47	1.22	1.30	1.02	1.32	1.19	1.43
1.04	0.77	0.84	1.17	0.91	0.96	1.53	0.62	1.17
13.65	12.94	14.11	13.92	12.99	13.27	14.42	13.61	14.19

ALL PRINTERS BY GEOGRAPHIC REGION

REPORT ON OPERATIONS - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	23.53	18.75	22.37
Other chargeable materials	5.33	6.35	5.53
Outside services	7.82	12.70	9.18
TOTAL MATERIALS	36.68	37.80	37.08
FACTORY PAYROLL	26.46	25.38	27.69
FACTORY EXPENSES	13.38	13.16	13.38
TOTAL FACTORY COST OF PRODUCT	76.52	76.34	78.15
GROSS PROFIT	23.48	23.66	21.85
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	9.89	12.35	9.61
Selling expenses	8.56	7.63	7.66
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	18.45	19.98	17.27
INCOME BEFORE INTEREST EXPENSE	5.03	3.68	4.58
Interest expense	1.96	1.71	2.05
OPERATING INCOME	3.07	1.97	2.53
Other income	0.30	0.04	0.30
INCOME BEFORE INCOME TAXES	3.37	2.01	2.83

SUPPORTING SCHEDULES - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
OTHER CHARGEABLE MATERIALS			
Ink	1.65%	1.47%	1.32%
Film	0.97	0.94	0.95
Plates	1.15	2.23	1.48
Other chargeable materials	1.56	1.71	1.78
TOTAL OTHER CHARGEABLE MATERIALS	5.33	6.35	5.53
OUTSIDE SERVICES			
Composition	0.51	0.77	0.91
Offset preparation	1.26	0.98	0.88
Printing	1.50	2.05	1.72
Binding	2.82	4.87	2.91
Other outside services	1.73	4.03	2.76
TOTAL OUTSIDE SERVICES	7.82	12.70	9.18

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
24.45	24.42	24.52	23.66	27.32	23.06	21.96	20.82	25.58
5.14	5.64	5.76	5.80	5.31	4.79	4.48	4.98	5.61
7.58	6.81	8.78	8.67	6.81	9.21	9.74	9.63	8.54
37.17	36.87	39.06	38.13	39.44	37.06	36.18	35.43	39.73
25.84	27.91	26.14	26.19	25.27	25.81	24.83	25.50	25.90
13.51	12.58	13.19	12.63	12.75	14.31	13.10	13.97	10.95
76.52	77.36	78.39	76.95	77.46	77.18	74.11	74.90	76.58
23.48	22.64	21.61	23.05	22.54	22.82	25.89	25.10	23.42
9.86	9.35	9.42	9.26	10.29	11.10	11.76	12.01	8.47
8.49	8.18	8.61	8.63	8.12	8.25	9.17	8.66	8.64
18.35	17.53	18.03	17.89	18.41	19.35	20.93	20.67	17.11
5.13	5.11	3.58	5.16	4.13	3.47	4.96	4.43	6.31
2.07	1.87	1.87	2.05	2.14	2.11	2.00	2.23	1.80
3.06	3.24	1.71	3.11	1.99	1.36	2.96	2.20	4.51
0.45	0.61	0.95	1.02	0.75	1.09	0.41	0.52	0.59
3.51	3.85	2.66	4.13	2.74	2.45	3.37	2.72	5.10
1.22%	1.60%	1.77%	2.04%	2.12%	1.59%	1.51%	1.23%	1.61%
1.30	1.02	1.08	1.38	0.94	0.97	1.10	1.26	1.29
1.06	1.32	1.24	1.07	1.15	1.30	0.91	1.23	1.03
1.56	1.70	1.67	1.31	1.10	0.93	0.96	1.26	1.68
5.14	5.64	5.76	5.80	5.31	4.79	4.48	4.98	5.61
1.02	0.71	0.62	0.57	0.49	0.92	0.87	0.91	1.09
1.31	1.51	2.11	1.44	1.27	1.26	1.49	0.87	1.76
2.33	0.99	1.72	2.42	1.69	3.02	2.70	2.55	2.02
1.12	2.28	2.42	2.03	1.26	2.39	2.98	3.28	1.83
1.80	1.32	1.91	2.21	2.10	1.62	1.70	2.02	1.84
7.58	6.81	8.78	8.67	6.81	9.21	9.74	9.63	8.54

ALL PRINTERS BY GEOGRAPHIC REGION

SUPPORTING SCHEDULES - SALES = 100%

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
FACTORY PAYROLL			
Salaries - executive	1.95%	1.44%	1.95%
Direct wages	17.78	16.31	18.55
General factory salaries and wages	1.73	2.06	1.70
Packing, shipping and delivery wages	0.74	1.26	0.87
Payroll taxes	1.89	1.66	2.09
Employee benefits	2.37	2.65	2.53
TOTAL FACTORY PAYROLL	26.46	25.38	27.69
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.30	0.18	0.30
Depreciation - other	3.66	3.51	3.37
Taxes - real estate	0.25	0.06	0.16
Taxes - other	0.16	0.07	0.14
Insurance	0.55	0.56	0.64
Building rent	1.41	1.70	1.38
Utilities - heat, light, etc.	1.34	1.55	1.30
Equipment rental	0.57	0.03	0.67
Total Fixed Expenses	8.24	7.66	7.96
Other Expenses			
Factory supplies and expense	2.00	1.98	2.23
Packing, shipping and delivery expense	1.11	1.77	1.01
Repairs and maintenance	1.33	1.14	1.49
Other factory expenses	0.70	0.61	0.69
Total Other Expenses	5.14	5.50	5.42
TOTAL FACTORY EXPENSES	13.38	13.16	13.38
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.88	4.37	2.82
Salaries - office	2.74	3.03	2.27
Payroll taxes	0.42	0.43	0.39
Employee benefits	0.62	0.46	0.60
Bad debts	0.26	0.20	0.37
Office supplies and expenses	0.47	0.51	0.41
Professional fees	0.52	0.65	0.65
Taxes - business	0.04	0.05	0.12
Telephone	0.51	0.55	0.51
Other administrative expenses	1.43	2.10	1.47
TOTAL ADMINISTRATIVE EXPENSES	9.89	12.35	9.61
SELLING EXPENSES			
Salaries - executive	1.02	0.80	1.31
Salaries and commissions - salesmen	4.08	3.43	3.26
Salaries - sales office clerical	0.84	0.17	0.62
Payroll taxes	0.34	0.23	0.34
Employee benefits	0.42	0.28	0.30
Advertising	0.32	0.48	0.34
Travel and entertainment	0.94	0.97	0.74
Other selling expenses	0.60	1.27	0.75
TOTAL SELLING EXPENSES	8.56	7.63	7.66

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
2.10%	2.04%	1.95%	1.67%	1.64%	2.12%	2.07%	1.57%	2.01%
17.87	17.73	17.43	17.13	17.48	17.86	17.05	17.43	18.32
1.70	2.53	1.60	1.80	1.39	1.54	1.23	1.63	2.19
0.89	0.57	0.96	0.99	0.67	0.96	0.84	0.62	0.79
1.69	2.17	1.85	2.02	1.92	1.80	1.69	2.15	0.65
1.59	2.87	2.35	2.58	2.17	1.53	1.95	2.10	1.94
25.84	27.91	26.14	26.19	25.27	25.81	24.83	25.50	25.90
0.29	0.38	0.34	0.30	0.45	0.26	0.20	0.24	0.23
4.06	3.44	3.41	3.19	3.23	4.08	3.24	3.78	2.81
0.26	0.19	0.17	0.30	0.24	0.20	0.15	0.17	0.28
0.20	0.41	0.33	0.09	0.10	0.33	0.31	0.33	0.09
0.57	0.40	0.54	0.51	0.53	0.63	0.72	0.56	0.25
1.32	1.10	1.12	1.24	1.31	1.46	2.11	2.72	1.24
1.22	1.33	1.26	1.44	1.20	1.39	1.03	0.89	0.80
0.48	0.49	0.66	0.35	0.66	1.07	0.81	0.92	0.31
8.40	7.74	7.83	7.42	7.72	9.42	8.57	9.61	6.01
2.18	2.01	1.89	1.95	1.85	1.76	1.61	1.70	1.58
0.81	0.71	1.09	1.27	1.46	0.99	0.84	0.80	1.24
1.46	1.16	1.36	1.35	1.19	1.44	1.40	1.25	1.51
0.66	0.96	1.02	0.64	0.53	0.70	0.68	0.61	0.61
5.11	4.84	5.36	5.21	5.03	4.89	4.53	4.36	4.94
13.51	12.58	13.19	12.63	12.75	14.31	13.10	13.97	10.95
2.79	2.66	2.89	2.65	3.37	3.60	3.35	3.57	2.21
2.55	2.32	2.20	2.28	2.33	2.97	3.01	2.81	2.25
0.35	0.40	0.35	0.33	0.40	0.57	0.46	0.53	0.10
0.42	0.63	0.62	0.56	0.63	0.43	0.73	0.63	0.28
0.43	0.36	0.38	0.44	0.47	0.62	0.67	0.57	0.55
0.52	0.41	0.42	0.45	0.54	0.47	0.55	0.54	0.53
0.53	0.53	0.70	0.56	0.47	0.47	0.59	0.60	0.55
0.13	0.25	0.17	0.18	0.07	0.15	0.07	0.45	0.19
0.53	0.40	0.43	0.40	0.42	0.44	0.60	0.58	0.47
1.61	1.39	1.26	1.41	1.59	1.38	1.73	1.73	1.34
9.86	9.35	9.42	9.26	10.29	11.10	11.76	12.01	8.47
1.26	1.43	1.14	1.49	1.26	1.19	1.36	1.53	1.12
4.12	3.64	4.11	3.76	3.72	4.06	3.90	3.94	4.29
0.71	0.73	0.70	0.70	0.65	0.69	0.74	0.63	0.71
0.40	0.38	0.36	0.33	0.33	0.34	0.35	0.41	0.13
0.32	0.43	0.43	0.43	0.34	0.25	0.37	0.47	0.30
0.36	0.31	0.47	0.41	0.43	0.48	0.67	0.53	0.50
0.67	0.77	0.90	0.78	0.81	0.62	0.82	0.76	0.87
0.65	0.49	0.50	0.73	0.58	0.62	0.96	0.39	0.72
8.49	8.18	8.61	8.63	8.12	8.25	9.17	8.66	8.64

ALL PRINTERS BY GEOGRAPHIC REGION

BALANCE SHEET

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
ASSETS			
CURRENT ASSETS			
Cash	6.45%	9.42%	8.09%
Receivables	31.18	29.42	31.45
Inventories	11.27	14.53	12.16
Other current assets	4.36	5.51	4.11
TOTAL CURRENT ASSETS	53.26	58.88	55.81
FIXED ASSETS			
Real estate	11.59	4.92	9.85
Less: Accumulated depreciation	3.50	1.12	3.29
	8.09	3.80	6.56
Machinery and equipment	64.97	62.29	64.74
Less: Accumulated depreciation	34.76	36.39	35.00
	30.21	25.90	29.74
Other fixed assets	7.95	8.96	8.26
Less: Accumulated depreciation	4.19	4.69	4.36
	3.76	4.27	3.90
NET FIXED ASSETS	42.06	33.97	40.20
OTHER ASSETS	4.68	7.15	3.99
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.12	9.44	10.36
Accounts payable	14.49	16.76	13.13
Other current liabilities	7.22	11.28	8.48
TOTAL CURRENT LIABILITIES	30.83	37.48	31.97
LONG-TERM LIABILITIES	31.43	25.51	28.95
TOTAL LIABILITIES	62.26	62.99	60.92
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.74	37.01	39.08
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.73	1.57	1.75
QUICK RATIO	1.36	1.18	1.37
TOTAL LIABILITIES TO EQUITY	1.65	1.70	1.56
LONG-TERM LIABILITIES TO EQUITY	0.83	0.69	0.74
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.58	0.54

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
7.13%	7.93%	5.89%	5.74%	6.33%	8.90%	8.00%	7.05%	1.16%
32.25	32.77	32.04	31.14	31.96	32.29	37.89	35.30	37.34
10.84	12.67	13.40	13.88	14.26	10.63	9.17	10.99	13.09
2.79	2.38	4.75	3.30	2.52	4.93	6.28	3.69	3.40
53.01	55.75	56.08	54.06	55.07	56.75	61.34	57.03	54.99
10.50	12.08	12.24	10.07	11.15	9.57	4.56	7.62	10.60
3.08	4.26	4.04	3.63	4.21	2.80	1.12	2.51	2.78
7.42	7.82	8.20	6.44	6.94	6.77	3.44	5.11	7.82
71.69	67.52	66.55	69.72	66.52	73.12	65.93	72.12	66.40
39.09	39.38	38.12	37.90	36.19	43.95	38.37	43.24	34.78
32.60	28.14	28.43	31.82	30.33	29.17	27.56	28.88	31.62
9.00	8.43	7.07	6.67	7.35	7.39	9.60	8.65	6.28
4.87	4.51	3.95	3.85	4.05	4.20	5.07	4.59	3.54
4.13	3.92	3.12	2.82	3.30	3.19	4.53	4.06	2.74
44.15	39.88	39.75	41.08	40.57	39.13	35.53	38.05	42.18
2.84	4.37	4.17	4.86	4.36	4.12	3.13	4.92	2.83
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
9.01	8.81	8.67	8.37	6.62	11.34	11.90	10.03	10.08
12.47	13.58	13.45	13.43	13.30	13.52	14.64	13.09	17.50
6.71	10.48	7.86	9.09	10.58	6.74	8.25	9.70	9.75
28.19	32.87	29.98	30.89	30.50	31.60	34.79	32.82	37.33
34.31	26.55	28.25	30.29	33.11	30.01	26.34	33.08	27.55
62.50	59.42	58.23	61.18	63.61	61.61	61.13	65.90	64.88
37.50	40.58	41.77	38.82	36.39	38.39	38.87	34.10	35.12
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.88	1.70	1.87	1.75	1.81	1.80	1.76	1.74	1.47
1.50	1.31	1.42	1.30	1.34	1.46	1.50	1.40	1.12
1.67	1.46	1.39	1.58	1.75	1.60	1.57	1.93	1.85
0.91	0.65	0.68	0.78	0.91	0.78	0.68	0.97	0.78
0.55	0.58	0.57	0.54	0.54	0.60	0.58	0.60	0.52

ALL PRINTERS BY GEOGRAPHIC REGION

SIGNIFICANT FACTS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 40,686	$ 48,952	$ 37,657
Average assets per factory employee (Excluding Executives)	56,446	69,821	52,306
Average net worth per employee - All employees	16,358	19,481	14,398
Average gross plant investment per factory employee (Excluding Executives)	46,481	54,487	43,112
Net worth percentage of fixed assets	106.08%	120.05%	119.79%
EMPLOYEES			
Percent factory - All employees	75.38%	72.92%	76.87%
Percent administrative - All employees	13.64	19.22	13.03
Percent sales - All employees	10.98	7.86	10.10
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 74,742	$ 94,879	$ 73,862
Sales per factory employee	98,833	132,024	98,531
Sales less material per factory employee	61,773	78,961	60,281
Sales per administrative employee	757,641	652,931	712,083
EXCLUDING EXECUTIVES			
Sales per employee - All employees	81,605	103,199	83,132
Sales per factory employee	104,065	137,400	104,020
Sales less material per factory employee	65,061	82,421	63,699
SALES PER SALESMAN	1,013,474	959,433	1,002,908
SALES TO CURRENT ASSETS	400%	379%	415%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	39.83%	38.58%	39.61%
Factory payroll percentage of gross plant investment	90.44	80.24	74.01
Payroll per employee - All employees	$ 28,809	$ 34,890	$ 28,353
Payroll per factory employee	25,502	30,543	25,705
Payroll per administrative employee	37,186	39,568	34,750
Payroll per sales employee	45,839	66,152	41,217
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 21,999	$ 26,363	$ 21,594
Payroll per factory employee	20,478	24,762	20,712
Payroll per administrative employee	17,635	19,879	17,309
Payroll per sales employee	36,655	53,140	29,876
EXECUTIVE PAYROLL			
Payroll per executive - All executives	59,337	82,869	55,891
Payroll per factory executive	38,539	24,410	33,566
Payroll per administrative executive	76,827	103,341	66,915
Payroll per sales executive	54,915	75,826	48,938
RECEIVABLES			
Collection period	59.5	50.8	56.5
PROFIT			
Gross profit percentage of sales	23.48%	23.66%	21.85%
Average gross profit per factory employee	$ 24,472	$ 33,197	$ 23,105
Income before taxes percentage of sales	3.37%	2.01%	2.83%
Average income before taxes per employee	$ 2,946	$ 2,264	$ 2,461

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 34,095	$ 42,867	$ 41,478	$ 48,610	$ 40,217	$ 38,596	$ 33,689	$ 39,916	$ 35,060
48,412	61,232	58,281	74,842	55,686	55,599	53,824	60,871	50,420
13,097	17,583	17,184	19,006	14,972	15,430	13,125	15,037	12,679
41,356	49,749	49,193	56,675	46,401	46,558	42,455	50,511	40,293
111.68%	100.84%	141.29%	114.03%	86.20%	155.77%	173.99%	345.45%	102.89%
74.72%	76.16%	76.07%	74.47%	74.53%	72.66%	71.06%	68.96%	73.53%
13.45	12.78	12.38	13.23	13.95	16.43	16.19	16.92	13.40
11.83	11.06	11.55	12.30	11.52	10.91	12.75	14.12	13.07
$ 64,171	$ 79,305	$ 79,253	$ 93,160	$ 77,052	$ 73,780	$ 79,291	$ 81,056	$ 63,775
86,969	105,619	105,798	143,868	103,380	102,096	113,453	120,142	86,943
53,884	66,403	62,261	82,240	61,264	62,625	71,237	75,626	50,502
722,939	832,574	786,770	1,045,271	801,889	644,282	667,019	663,051	622,136
71,221	88,505	87,037	102,477	85,041	82,919	99,332	91,690	71,276
92,044	112,824	111,860	150,398	108,330	108,970	130,753	126,937	92,774
57,045	70,913	65,820	86,222	64,190	67,004	80,398	79,926	53,831
671,784	841,892	817,368	952,181	1,054,293	604,086	623,711	521,373	602,001
423%	390%	394%	515%	399%	432%	456%	445%	379%
38.77%	40.51%	38.92%	38.73%	38.30%	39.91%	39.11%	40.00%	37.29%
66.16	78.26	68.48	70.30	99.70	81.52	100.21	84.92	78.03
$ 23,875	$ 31,738	$ 29,570	$ 33,586	$ 28,350	$ 28,307	$ 30,442	$ 31,670	$ 22,282
21,322	28,675	26,002	30,048	25,457	25,245	27,223	28,873	21,206
30,722	39,426	36,997	40,194	35,030	33,010	36,196	38,150	21,503
38,912	46,926	49,692	54,558	40,067	43,146	40,096	41,173	30,476
$ 18,897	$ 23,829	$ 22,403	$ 25,408	$ 21,556	$ 22,485	$ 23,430	$ 23,816	$ 18,945
17,784	22,657	20,882	24,049	20,497	21,123	22,294	23,370	18,460
15,317	19,134	17,942	20,127	17,669	18,231	18,938	18,619	13,706
30,395	37,812	38,668	41,244	32,595	36,799	31,222	28,145	26,443
48,262	52,988	58,989	65,062	50,368	47,830	58,468	54,309	32,427
37,510	32,008	36,109	35,852	28,300	33,000	32,368	27,679	27,230
57,279	62,595	71,735	80,201	59,080	56,404	63,752	63,164	35,990
44,500	48,705	54,071	58,377	39,925	42,857	43,064	40,675	32,784
57.8	62.3	57.6	57.8	57.9	55.4	56.5	56.9	71.7
23.48%	22.64%	21.61%	23.05%	22.54%	22.82%	25.89%	25.10%	23.42%
$ 22,358	$ 26,455	$ 24,013	$ 38,664	$ 24,197	$ 24,762	$ 32,761	$ 32,483	$ 21,434
3.51%	3.85%	2.66%	4.13%	2.74%	2.45%	3.37%	2.72%	5.10%
$ 2,873	$ 3,286	$ 2,310	$ 4,797	$ 2,389	$ 1,894	$ 2,448	$ 2,604	$ 3,579

ALL PRINTERS BY GEOGRAPHIC REGION

RETURN ON INVESTMENT - PER $100 OF SALES

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 3.64	$ 4.98	$ 4.15
Receivables	15.88	13.65	15.22
Inventories	5.71	6.28	5.41
Marketable securities	1.33	0.97	0.71
Other current assets	1.13	1.89	1.56
	27.69	27.77	27.05
Plant Investment:			
Land and building	7.01	4.34	5.35
Machinery and equipment	34.25	31.96	32.66
Other fixed assets	3.96	3.97	3.74
	45.22	40.27	41.75
Non-Current Assets	2.52	3.04	2.22
TOTAL INVESTMENT	75.43	71.08	71.02
INVESTMENT TURNOVER PER $100 OF SALES	132.57%	140.69%	140.81%
EARNINGS			
Cost of Product	$76.52	$76.34	$78.15
Selling Expenses	8.56	7.63	7.66
Administrative Expenses	9.89	12.35	9.61
	94.97	96.32	95.42
Income Before Interest, Other Income, and Taxes	5.03	3.68	4.58
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.67%	5.18%	6.45%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 4.28	$ 4.09	$ 2.97	$ 2.74	$ 3.05	$ 4.85	$ 3.50	$ 3.58	$ 0.67
15.61	16.75	15.29	15.40	15.50	14.72	14.94	15.15	18.90
5.49	6.27	6.83	8.41	6.92	5.47	3.82	5.14	7.19
0.54	0.41	0.72	0.86	0.25	0.64	0.34	0.31	0.68
0.82	0.87	1.97	0.90	1.05	2.57	3.02	1.42	1.16
26.74	28.39	27.78	28.31	26.77	28.25	25.62	25.60	28.60
6.30	6.64	7.17	6.77	6.46	5.89	2.43	4.77	6.35
36.44	32.96	33.51	33.33	33.45	35.11	27.76	31.63	35.15
4.03	4.03	3.68	3.47	3.43	3.38	3.79	3.60	2.99
46.77	43.63	44.36	43.57	43.34	44.38	33.98	40.00	44.49
1.66	2.47	2.45	3.07	2.71	2.36	1.57	2.34	1.67
75.17	74.49	74.59	74.95	72.82	74.99	61.17	67.94	74.76
133.03%	134.25%	134.07%	133.42%	137.32%	133.35%	163.48%	147.19%	133.76%
$76.52	$77.36	$78.39	$76.95	$77.46	$77.18	$74.11	$74.90	$76.58
8.49	8.18	8.61	8.63	8.12	8.25	9.17	8.66	8.64
9.86	9.35	9.42	9.26	10.29	11.10	11.76	12.01	8.47
94.87	94.89	96.42	94.84	95.87	96.53	95.04	95.57	93.69
5.13	5.11	3.58	5.16	4.13	3.47	4.96	4.43	6.31
6.82%	6.86%	4.80%	6.88%	5.67%	4.63%	8.11%	6.52%	8.44%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL PRINTING FIRMS	867	$4,218,000	$ 7,383,000	$372,000
ALL PRINTERS BY GEOGRAPHIC REGION				
New England and Up-State New York	80	4,513,000	7,560,000	259,000
Metropolitan New York and New Jersey	17	5,002,000	10,026,000	155,000
Eastern Penna., Maryland and D.C.	61	4,251,000	7,543,000	461,000
Southeast Atlantic	92	3,872,000	6,859,000	374,000
East North Central	39	4,269,000	7,616,000	405,000
South Central	86	3,995,000	7,042,000	256,000
Chicago Area	66	7,203,000	12,298,000	873,000
West North Central	72	5,542,000	9,363,000	475,000
Plains and Mountain States	101	3,078,000	5,377,000	163,000
Pacific Southwest	74	4,119,000	8,029,000	515,000
Pacific Northwest	72	2,473,000	4,244,000	149,000
Canada	107	3,903,000	6,573,000	389,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales	
			Firm's Ratio Factory Payroll	PIA Ratios Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 =	20.7%

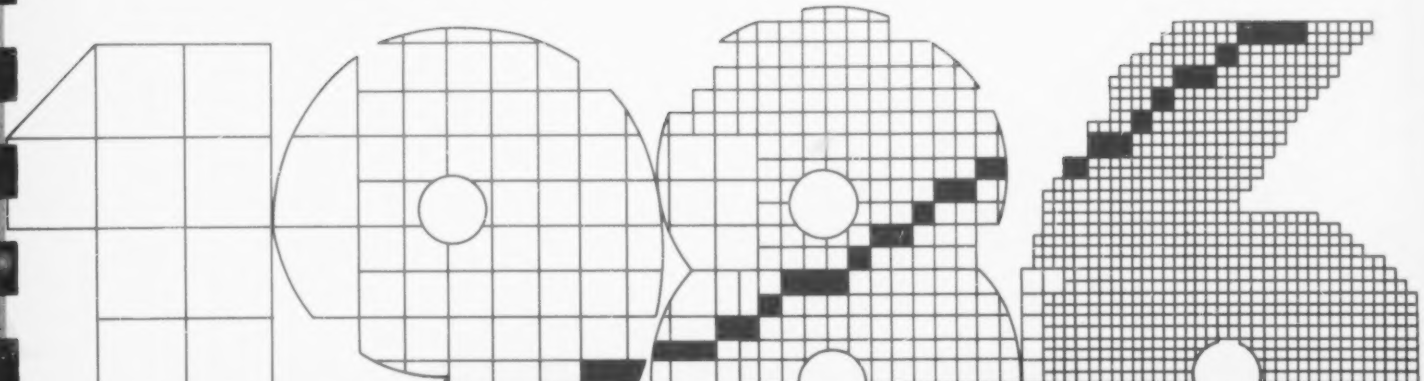
** Unlike the ratios shown in this book, these figures are arithmetic averages.

1986
Financial
Ratio
Study

Sheetfed Printers By
Size and Geographic Area

Volume V

A8740-1.5 U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

SHEETFED PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

Offices
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 627 sheet-fed printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $250,000, sales from $250,000 to $500,000, etc.; and by geographic region - for example, New England and Up-State New York, Metropolitan New York and New Jersey, etc. Readers can compare their firm's operations with other firms having the same sales volume and/or located in the same geographic region in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD 2

VALUE ADDED -- WHAT IT MEANS TO YOU 4- 5

CHAPTER 1 - BY SIZE OF FIRM 6-19
  Report on Operations - Value Added = 100% 6- 7
  Supporting Schedules - Value Added = 100% 8- 9
  Report on Operations - Sales = 100% 10-11
  Supporting Schedules - Sales = 100% 10-13
  Balance Sheet 14-15
  Significant Facts 16-17
  Return on Investment - Per $100 of Sales 18-19
CHAPTER 2 - BY GEOGRAPHIC REGIONS 20-41
  Report on Operations - Value Added = 100% 20-21
  Supporting Schedules - Value Added = 100% 22-23
  Report on Operations - Value Added = 100% 24-25
  Supporting Schedules - Value Added = 100% 26-27
  Report on Operations - Sales = 100% 28-29
  Supporting Schedules - Sales = 100% 28-31
  Report on Operations - Sales = 100% 32-33
  Supporting Schedules - Sales = 100% 32-35
  Balance Sheet 36-37
  Significant Facts 38-39
  Return on Investment - Per $100 of Sales 40-41

ABSOLUTE DATA 42-43

REGIONAL GEOGRAPHIC BREAKDOWN

New England and Upstate New York
Upstate New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine

Metropolitan New York and New Jersey

Eastern Pennsylvania, Maryland and the District of Columbia

Southeast Atlantic
Virginia, West Virginia, Eastern Tennesee, North Carolina, South Carolina, Georgia and Florida

East North Central
Ohio, Michigan and Western Pennslyvania

South Central
Southern Indiana, Kentucky, Missouri, Southern Illinois, Arkansas, Western Tennessee, Alabama, Mississippi and Louisiana

Chicago Area
Northern Illinois, Northern Indiana, and Eastern Michigan

West North Central
Iowa, Nebraska, North Dakota, South Dakota, Minnesota, Wisconsin

Plains and Mountain States
Texas, Oklahoma, New Mexico, Northern Arizona, Northwestern Nevada, Wyoming, Western Idaho, Montana, Kansas, Utah, and Colorado

Pacific Southwest
Southwestern Nevada, Southern Arizona, and Southern California

Pacific Northwest
Northern California, Northeastern Nevada, Oregon, Eastern Idaho, Washington, Alaska and Hawaii

Canada

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.28	36.15	40.23	37.34	31.78
FACTORY EXPENSES	20.55	18.67	32.50	22.59	22.14
TOTAL FACTORY COST OF PRODUCT	61.83	54.82	72.73	59.93	53.92
GROSS PROFIT	38.17	45.18	27.27	40.07	46.08
ADMINISTRATIVE AND SELLING EXPENSES					
Administrative expenses	17.15	15.07	23.44	23.47	20.36
Selling expenses	14.12	11.64	7.14	8.91	6.05
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	31.27	26.71	30.58	32.38	26.41
INCOME (LOSS) BEFORE INTEREST EXPENSE	6.90	18.47	(3.31)	7.69	19.67
Interest expense	3.10	1.82	2.12	2.98	1.26
OPERATING INCOME (LOSS)	3.80	16.65	(5.43)	4.71	18.41
Other income	0.89	1.18	3.44	0.32	1.26
INCOME (LOSS) BEFORE INCOME TAXES	4.69	17.83	(1.99)	5.03	19.67

* See page 10 for the definition of "Profit Leaders".
** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
39.18	33.65	42.02	36.93	42.79	36.96	45.09	41.31
22.10	19.25	19.78	18.53	19.02	18.27	18.00	14.97
61.28	52.90	61.80	55.46	61.81	55.23	63.09	56.28
38.72	47.10	38.20	44.54	38.19	44.77	36.91	43.72
20.72	17.81	15.93	14.85	13.97	11.71	11.01	9.62
12.04	9.59	15.53	13.07	16.19	13.45	15.26	15.00
32.76	27.40	31.46	27.92	30.16	25.16	26.27	24.62
5.96	19.70	6.74	16.62	8.03	19.61	10.64	19.10
2.78	1.39	3.31	2.46	3.56	2.04	2.45	1.30
3.18	18.31	3.43	14.16	4.47	17.57	8.19	17.80
0.35	0.22	1.00	2.25	0.94	1.24	0.25	0.17
4.03	18.53	4.43	16.41	5.41	18.81	8.44	17.97

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL					
Salaries - executive	3.07%	2.78%	8.58%	1.44%	0.30%
Direct wages	28.47	25.31	22.98	29.85	27.44
General factory salaries and wages	2.52	2.02	2.15	0.83	0.69
Packing, shipping and delivery wages	1.25	0.99	1.06	0.70	0.28
Payroll taxes	2.79	2.12	3.36	2.69	1.74
Employee benefits	3.18	2.93	2.10	1.83	1.33
TOTAL FACTORY PAYROLL	41.28	36.15	40.23	37.34	31.78
FACTORY EXPENSES					
Fixed Expenses					
Depreciation - real estate	0.46	0.30	0.00	0.70	0.04
Depreciation - other	5.62	5.47	7.00	6.04	5.26
Taxes - real estate	0.33	0.30	0.23	0.26	0.20
Taxes - other	0.35	0.28	0.43	0.26	0.10
Insurance	0.93	0.86	1.90	1.43	1.94
Building rent	2.59	2.49	9.44	3.89	4.36
Utilities - heat, light, etc.	1.78	1.42	3.12	2.04	1.42
Equipment rental	0.96	0.84	1.35	1.34	1.36
Total Fixed Expenses	13.02	11.96	23.47	15.96	14.68
Other Expenses					
Factory supplies and expense	2.87	2.68	3.34	2.57	3.87
Packing, shipping and delivery expense	1.54	1.59	2.86	1.33	1.54
Repairs and maintenance	2.07	1.64	2.58	2.00	1.05
Other factory expenses	1.05	0.80	0.25	0.73	1.00
Total Other Expenses	7.53	6.71	9.03	6.63	7.46
TOTAL FACTORY EXPENSES	20.55	18.67	32.50	22.59	22.14
ADMINISTRATIVE EXPENSES					
Salaries - executive	5.30	5.33	10.53	8.24	8.41
Salaries - office	4.35	3.71	3.52	6.50	4.97
Payroll taxes	0.68	0.52	1.17	1.26	1.04
Employee benefits	0.88	0.66	0.97	0.83	0.35
Bad debts	0.71	0.58	0.67	0.53	0.42
Office supplies and expenses	0.83	0.70	1.12	0.97	0.69
Professional fees	0.92	0.77	0.73	1.12	0.83
Taxes - business	0.28	0.29	0.44	0.39	0.86
Telephone	0.81	0.65	1.23	1.21	1.07
Other administrative expenses	2.39	1.86	3.06	2.42	1.72
TOTAL ADMINISTRATIVE EXPENSES	17.15	15.07	23.44	23.47	20.36
SELLING EXPENSES					
Salaries - executive	2.19	1.86	3.98	2.48	0.00
Salaries and commissions - salesmen	6.61	5.55	1.01	2.47	4.29
Salaries - sales office clerical	1.08	0.80	0.00	0.52	0.00
Payroll taxes	0.56	0.34	0.23	0.29	0.09
Employee benefits	0.58	0.50	0.19	0.22	0.12
Advertising	0.74	0.57	0.73	0.95	0.75
Travel and entertainment	1.33	1.25	0.88	1.16	0.46
Other selling expenses	1.03	0.77	0.12	0.82	0.34
TOTAL SELLING EXPENSES	14.12	11.64	7.14	8.91	6.05

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.33%	2.34%	3.05%	2.93%	2.87%	3.27%	2.71%	3.11%
27.94	25.52	29.43	25.26	27.90	25.70	26.14	23.28
1.70	1.20	2.25	2.21	3.70	1.54	6.07	5.10
1.04	0.88	1.34	0.98	1.28	1.13	2.04	1.76
2.78	1.87	2.78	2.35	2.76	1.97	2.91	2.49
2.39	1.84	3.17	3.20	4.28	3.35	5.22	5.57
39.18	33.65	42.02	36.93	42.79	36.96	45.09	41.31
0.47	0.09	0.44	0.43	0.46	0.42	0.46	0.50
6.04	5.02	5.63	6.24	5.25	5.89	4.13	3.53
0.33	0.33	0.37	0.32	0.28	0.32	0.28	0.29
0.40	0.20	0.31	0.39	0.41	0.38	0.29	0.21
1.31	1.16	0.77	0.63	0.59	0.62	0.48	0.33
3.79	3.67	1.98	2.31	1.54	0.88	1.21	0.52
1.72	1.40	1.68	1.31	1.33	1.39	1.87	1.72
1.37	1.37	0.87	0.76	0.54	0.09	0.52	0.50
15.43	13.24	12.05	12.39	10.90	9.99	9.24	7.60
2.26	1.60	3.02	2.61	3.40	2.98	3.39	3.87
1.48	1.90	1.59	1.44	1.49	1.99	1.44	0.97
1.98	1.65	2.15	1.66	1.96	1.85	2.10	1.72
0.95	0.86	0.97	0.43	1.27	1.46	1.83	0.81
6.67	6.01	7.73	6.14	8.12	8.28	8.76	7.37
22.10	19.25	19.78	18.53	19.02	18.27	18.00	14.97
6.62	6.10	4.88	5.32	3.90	4.63	2.12	2.51
5.57	4.94	3.93	3.35	3.16	2.47	3.25	2.07
0.84	0.51	0.61	0.52	0.45	0.35	0.38	0.34
0.86	0.38	0.87	0.91	1.03	0.71	0.69	0.79
0.75	0.68	0.76	0.67	0.65	0.52	0.52	0.38
0.90	0.98	0.83	0.67	0.72	0.46	0.62	0.51
1.09	1.08	0.87	0.71	0.84	0.50	0.63	0.57
0.37	0.31	0.28	0.27	0.18	0.13	0.09	0.05
1.00	0.69	0.70	0.63	0.72	0.52	0.53	0.48
2.72	2.14	2.20	1.80	2.32	1.42	2.18	1.92
20.72	17.81	15.93	14.85	13.97	11.71	11.01	9.62
2.23	2.32	2.28	2.07	1.93	2.00	1.44	1.56
4.95	3.70	7.63	6.32	8.51	7.71	7.61	6.15
0.92	0.40	1.14	0.82	1.32	0.68	1.48	2.46
0.57	0.24	0.60	0.44	0.59	0.44	0.48	0.40
0.50	0.25	0.63	0.58	0.73	0.82	0.68	0.78
0.79	0.72	0.68	0.51	0.73	0.38	0.71	0.49
1.27	1.35	1.42	1.52	1.36	0.89	1.19	1.42
0.81	0.61	1.15	0.81	1.02	0.53	1.67	1.74
12.04	9.59	15.53	13.07	16.19	13.45	15.26	15.00

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT					
MATERIALS					
Paper	21.17	20.25	18.21	20.09	20.18
Other chargeable materials	5.11	4.70	6.78	4.81	3.83
Outside services	9.45	8.28	13.97	8.78	8.14
TOTAL MATERIALS	35.73	33.23	38.96	33.68	32.15
FACTORY PAYROLL	26.52	24.26	24.63	24.93	21.96
FACTORY EXPENSES	13.20	12.43	20.00	14.97	15.17
TOTAL FACTORY COST OF PRODUCT	75.45	69.92	83.59	73.58	69.28
GROSS PROFIT	24.55	30.08	16.41	26.42	30.72
ADMINISTRATIVE AND SELLING EXPENSES					
Administrative expenses	11.06	10.10	13.72	15.51	13.85
Selling expenses	8.98	7.73	4.11	5.71	3.82
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.04	17.83	17.83	21.22	17.67
INCOME (LOSS) BEFORE INTEREST EXPENSE	4.51	12.25	(1.42)	5.20	13.05
Interest expense	1.98	1.22	1.34	1.98	0.89
OPERATING INCOME (LOSS)	2.53	11.03	(2.76)	3.22	12.16
Other income	0.54	0.77	1.91	0.22	0.85
INCOME (LOSS) BEFORE INCOME TAXES	3.07	11.80	(0.85)	3.44	13.01

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS					
Ink	1.27%	1.06%	0.52%	0.63%	0.47%
Film	1.21	1.12	0.94	0.97	0.96
Plates	1.25	1.07	1.84	1.59	0.67
Other chargeable materials	1.38	1.45	3.48	1.62	1.73
TOTAL OTHER CHARGEABLE MATERIALS	5.11	4.70	6.78	4.81	3.83
OUTSIDE SERVICES					
Composition	0.90	0.88	1.64	1.12	0.85
Offset preparation	1.56	1.49	0.43	0.51	0.76
Printing	2.36	2.40	9.49	4.70	5.13
Binding	2.57	1.72	1.13	1.21	0.96
Other outside services	2.06	1.79	1.28	1.24	0.44
TOTAL OUTSIDE SERVICES	9.45	8.28	13.97	8.78	8.14

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
20.18	19.50	21.76	20.69	22.28	22.62	20.70	18.15
4.55	4.19	4.95	4.70	5.92	5.51	6.22	5.94
9.10	9.35	9.78	8.90	9.16	6.39	8.96	6.00
33.83	33.04	36.49	34.29	37.36	34.52	35.88	30.09
25.94	22.68	26.68	24.45	26.87	24.27	28.78	28.59
14.63	12.79	12.52	12.15	11.88	11.96	11.49	10.41
74.40	68.51	75.69	70.89	76.11	70.75	76.15	69.09
25.60	31.49	24.31	29.11	23.89	29.25	23.85	30.91
13.72	11.97	10.13	9.77	8.73	7.65	7.12	6.88
7.90	6.39	9.81	8.49	10.06	8.78	9.91	10.84
21.62	18.36	19.94	18.26	18.79	16.43	17.03	17.72
3.98	13.13	4.37	10.85	5.10	12.82	6.82	13.19
1.84	0.94	2.11	1.61	2.16	1.32	1.53	0.92
2.14	12.19	2.26	9.24	2.94	11.50	5.29	12.27
0.55	0.17	0.61	1.45	0.54	0.78	0.13	0.10
2.69	12.36	2.87	10.69	3.48	12.28	5.42	12.37

0.92%	0.90%	1.35%	1.28%	1.71%	1.19%	1.69%	1.32%
1.08	1.27	1.21	1.25	1.45	0.61	1.33	1.41
1.13	1.03	1.24	1.25	1.33	1.15	1.19	1.06
1.42	0.99	1.15	0.92	1.43	2.56	2.01	2.15
4.55	4.19	4.95	4.70	5.92	5.51	6.22	5.94
1.05	1.36	0.94	0.72	0.59	0.85	0.47	0.29
1.21	1.45	2.07	2.25	1.59	1.55	1.04	0.54
2.93	2.03	1.88	2.43	1.30	0.99	1.81	0.70
1.97	1.70	2.85	1.96	3.27	2.[illegible]	3.04	1.83
1.94	2.81	2.04	1.54	2.41	0.88	2.60	2.64
9.10	9.35	9.78	8.90	9.16	6.39	8.96	6.00

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL					
Salaries - executive	1.97%	1.86%	5.18%	0.94%	0.24%
Direct wages	18.31	16.98	14.35	20.06	18.94
General factory salaries and wages	1.60	1.36	0.95	0.53	0.46
Packing, shipping and delivery wages	0.80	0.66	0.66	0.41	0.18
Payroll taxes	1.80	1.43	2.17	1.77	1.20
Employee benefits	2.04	1.97	1.32	1.22	0.94
TOTAL FACTORY PAYROLL	26.52	24.26	24.63	24.93	21.96
FACTORY EXPENSES					
Fixed Expenses					
Depreciation - real estate	0.29	0.20	0.00	0.45	0.03
Depreciation - other	3.60	3.59	4.62	4.00	3.60
Taxes - real estate	0.21	0.21	0.10	0.17	0.13
Taxes - other	0.22	0.19	0.26	0.17	0.07
Insurance	0.60	0.57	1.10	0.91	1.29
Building rent	1.68	1.67	5.72	2.61	2.93
Utilities - heat, light, etc.	1.14	0.96	2.01	1.34	0.98
Equipment rental	0.64	0.56	0.83	0.94	0.96
Total Fixed Expenses	8.38	7.95	14.64	10.59	9.99
Other Expenses					
Factory supplies and expense	1.84	1.80	2.17	1.70	2.67
Packing, shipping and delivery expense	0.98	1.05	1.45	0.89	1.10
Repairs and maintenance	1.33	1.09	1.58	1.33	0.74
Other factory expenses	0.67	0.54	0.16	0.46	0.67
Total Other Expenses	4.82	4.48	5.36	4.38	5.18
TOTAL FACTORY EXPENSES	13.20	12.43	20.00	14.97	15.17
ADMINISTRATIVE EXPENSES					
Salaries - executive	3.42	3.57	5.94	5.41	5.71
Salaries - office	2.82	2.49	2.26	4.34	3.47
Payroll taxes	0.44	0.35	0.73	0.82	0.68
Employee benefits	0.57	0.44	0.58	0.56	0.24
Bad debts	0.46	0.39	0.34	0.34	0.28
Office supplies and expenses	0.53	0.47	0.65	0.65	0.47
Professional fees	0.59	0.52	0.44	0.73	0.57
Taxes - business	0.18	0.19	0.30	0.24	0.51
Telephone	0.52	0.43	0.72	0.81	0.75
Other administrative expenses	1.53	1.25	1.76	1.61	1.17
TOTAL ADMINISTRATIVE EXPENSES	11.06	10.10	13.72	15.51	13.85
SELLING EXPENSES					
Salaries - executive	1.39	1.23	2.21	1.56	0.00
Salaries and commissions - salesmen	4.19	3.65	0.62	1.60	2.64
Salaries - sales office clerical	0.69	0.54	0.00	0.34	0.00
Payroll taxes	0.36	0.23	0.14	0.18	0.06
Employee benefits	0.37	0.34	0.12	0.14	0.08
Advertising	0.48	0.39	0.39	0.65	0.52
Travel and entertainment	0.84	0.83	0.56	0.75	0.30
Other selling expenses	0.66	0.52	0.07	0.49	0.22
TOTAL SELLING EXPENSES	8.98	7.73	4.11	5.71	3.82

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.21%	1.56%	1.94%	1.92%	1.79%	2.14%	1.76%	2.21%
18.48	17.21	18.69	16.73	17.54	16.87	16.64	16.07
1.13	0.83	1.43	1.47	2.32	1.01	3.84	3.49
0.69	0.58	0.85	0.64	0.80	0.76	1.31	1.21
1.84	1.27	1.77	1.56	1.74	1.31	1.88	1.73
1.59	1.23	2.00	2.13	2.68	2.18	3.35	3.88
25.94	22.68	26.68	24.45	26.87	24.27	28.78	28.59
0.30	0.06	0.28	0.28	0.28	0.28	0.30	0.36
4.00	3.32	3.54	3.99	3.24	3.86	2.61	2.46
0.22	0.24	0.23	0.20	0.18	0.21	0.18	0.21
0.26	0.14	0.20	0.27	0.26	0.25	0.19	0.14
0.87	0.77	0.50	0.41	0.36	0.39	0.31	0.22
2.51	2.42	1.26	1.56	0.98	0.58	0.77	0.39
1.14	0.96	1.07	0.86	1.14	0.92	1.18	1.19
0.93	0.88	0.55	0.52	0.36	0.06	0.35	0.36
10.23	8.79	7.63	8.09	6.80	6.55	5.89	5.33
1.50	1.08	1.91	1.75	2.10	1.94	2.21	2.68
0.97	1.25	1.00	0.94	0.94	1.27	0.94	0.66
1.30	1.10	1.36	1.09	1.24	1.21	1.32	1.20
0.63	0.57	0.62	0.28	0.80	0.99	1.13	0.54
4.40	4.00	4.89	4.06	5.08	5.41	5.60	5.08
14.63	12.79	12.52	12.15	11.88	11.96	11.49	10.41
4.40	4.12	3.11	3.51	2.46	3.04	1.37	1.75
3.68	3.31	2.50	2.18	1.98	1.60	2.12	1.49
0.56	0.35	0.38	0.34	0.28	0.23	0.25	0.25
0.57	0.26	0.55	0.61	0.65	0.47	0.45	0.56
0.51	0.45	0.49	0.45	0.40	0.35	0.33	0.27
0.59	0.66	0.53	0.44	0.45	0.30	0.40	0.37
0.71	0.73	0.55	0.46	0.52	0.33	0.41	0.43
0.25	0.20	0.18	0.19	0.11	0.08	0.05	0.03
0.65	0.45	0.44	0.41	0.45	0.34	0.34	0.36
1.80	1.44	1.40	1.18	1.43	0.91	1.40	1.37
13.72	11.97	10.13	9.77	8.73	7.65	7.12	6.88
1.47	1.52	1.44	1.33	1.20	1.30	0.93	1.19
3.22	2.48	4.81	4.13	5.27	5.04	4.90	4.26
0.61	0.25	0.73	0.55	0.82	0.44	0.99	1.80
0.38	0.17	0.38	0.29	0.37	0.29	0.31	0.28
0.33	0.17	0.40	0.38	0.46	0.53	0.45	0.57
0.53	0.49	0.43	0.34	0.46	0.25	0.46	0.38
0.82	0.91	0.89	0.97	0.85	0.59	0.77	1.05
0.54	0.40	0.73	0.50	0.63	0.34	1.10	1.31
7.90	6.39	9.81	8.49	10.06	8.78	9.91	10.84

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS					
CURRENT ASSETS					
Cash	7.07%	9.27%	7.59%	9.56%	12.65%
Receivables	34.52	33.01	35.33	29.59	26.46
Inventories	10.68	9.09	7.83	8.86	7.51
Other current assets	3.96	6.23	6.13	4.63	8.71
TOTAL CURRENT ASSETS	56.23	57.60	56.88	52.64	55.33
FIXED ASSETS					
Real estate	9.19	8.94	2.21	10.17	11.83
Less: Accumulated depreciation	2.97	2.49	1.82	3.16	3.54
	6.22	6.45	0.39	7.01	8.29
Machinery and equipment	69.98	64.73	122.91	72.35	62.15
Less: Accumulated depreciation	40.31	35.51	86.40	43.29	37.82
	29.67	29.22	36.51	29.06	24.33
Other fixed assets	8.83	7.38	16.34	10.55	12.92
Less: Accumulated depreciation	4.89	3.61	10.19	4.39	3.88
	3.94	3.77	6.15	6.16	9.04
NET FIXED ASSETS	39.83	39.44	43.05	42.23	41.66
OTHER ASSETS	3.94	2.96	0.07	5.13	3.01
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Notes payable	9.21	4.59	10.89	8.68	3.80
Accounts payable	14.19	10.66	23.83	15.38	8.31
Other current liabilities	8.39	8.24	13.26	5.91	2.91
TOTAL CURRENT LIABILITIES	31.79	23.49	47.98	29.97	15.52
LONG-TERM LIABILITIES	30.30	23.88	33.40	34.68	32.93
TOTAL LIABILITIES	62.09	47.37	81.38	64.65	48.45
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.91	52.63	18.62	35.35	51.55
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.77	2.45	1.19	1.76	3.57
QUICK RATIO	1.43	2.07	1.02	1.46	3.08
TOTAL LIABILITIES TO EQUITY	1.64	0.90	4.37	1.83	0.94
LONG-TERM LIABILITIES TO EQUITY	0.80	0.45	1.79	0.98	0.64
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.58	0.55	0.70	0.60	0.61

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
8.29%	6.44%	6.63%	8.31%	6.47%	14.14%	4.13%	9.19%
36.93	41.43	34.47	31.46	33.45	28.42	32.13	31.40
9.53	6.47	10.81	9.04	11.67	12.97	14.21	11.43
4.34	4.97	4.06	7.50	3.07	3.45	2.94	4.25
59.09	59.31	55.97	56.31	54.66	58.98	53.41	56.27
5.98	3.67	10.00	8.61	10.65	13.28	14.32	14.22
2.14	1.09	3.27	2.12	3.42	4.21	3.52	3.78
3.34	2.58	6.73	6.49	7.23	9.07	10.80	10.44
76.40	76.56	69.12	62.15	62.77	66.48	52.03	48.05
47.55	43.50	38.94	32.37	31.61	39.78	26.74	20.26
28.85	33.06	30.18	29.78	31.16	26.70	25.29	27.79
11.04	6.94	7.93	6.27	6.60	7.08	7.40	6.37
6.56	3.66	4.45	3.24	3.47	3.91	3.49	3.65
4.48	3.28	3.48	3.03	3.13	3.17	3.91	2.72
37.17	38.92	40.39	39.30	41.52	38.94	40.00	40.95
3.74	1.77	3.64	4.39	3.82	2.08	6.59	2.78
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.11	5.83	9.29	4.79	11.66	4.23	7.29	2.53
15.60	14.64	12.99	8.71	13.72	10.06	13.56	10.24
7.19	7.13	8.78	8.13	9.29	12.06	9.52	11.30
30.90	27.60	31.06	21.63	34.67	26.35	30.37	24.07
31.91	25.71	29.73	25.72	31.33	21.42	20.70	11.56
62.81	53.31	60.79	47.35	66.00	47.77	51.07	35.63
37.19	46.69	39.21	52.65	34.00	52.23	48.93	64.37
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

1.91	2.15	1.80	2.60	1.58	2.24	1.76	2.34
1.60	1.91	1.45	2.19	1.24	1.75	1.29	1.36
1.69	1.14	1.55	0.90	1.94	0.91	1.04	0.55
0.86	0.55	0.76	0.49	0.92	0.41	0.42	0.18
0.62	0.57	0.56	0.52	0.50	0.60	0.51	0.42

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT					
Average assets per employee - All employees	$ 34,902	$ 40,344	$ 14,565	$ 21,166	$ 21,740
Average assets per factory employee (Excluding Executives)	51,961	59,559	43,188	34,052	35,226
Average net worth per employee - All employees	13,823	21,657	4,970	7,750	12,433
Average gross plant investment per factory employee (Excluding Executives)	43,908	46,417	46,230	31,423	26,963
Net worth percentage of fixed assets	151.36%	177.58%	116.20%	135.50%	184.37%
EMPLOYEES					
Percent factory - All employees	71.96%	72.77%	71.94%	66.26%	68.79%
Percent administrative - All employees	15.58	15.84	22.24	24.98	23.27
Percent sales - All employees	12.46	11.39	5.82	8.76	7.94
SALES - VALUE OF PRODUCT PRODUCED					
INCLUDING EXECUTIVES					
Sales per employee - All employees	$ 70,613	$ 74,908	$ 52,249	$ 49,170	$ 47,688
Sales per factory employee	99,763	105,616	76,046	78,617	73,502
Sales less material per factory employee	63,046	69,458	46,120	50,284	48,186
Sales per administrative employee	590,132	659,102	473,729	245,010	331,181
EXCLUDING EXECUTIVES					
Sales per employee - All employees	80,528	84,193	140,848	60,384	54,182
Sales per factory employee	106,811	111,240	161,341	80,205	73,749
Sales less material per factory employee	67,330	73,194	89,264	51,311	48,380
SALES PER SALESMAN	561,258	663,081	0	135,735	121,205
SALES TO CURRENT ASSETS	438%	410%	1,241%	581%	660%
PAYROLL - INCLUDING TAXES AND BENEFITS					
INCLUDING EXECUTIVES					
Total payroll percentage of sales	40.76%	37.12%	37.23%	39.89%	34.85%
Factory payroll percentage of gross plant investment	87.10	69.22	115.40	122.34	67.81
Payroll per employee - All employees	$ 28,137	$ 27,183	$ 18,742	$ 18,737	$ 15,292
Payroll per factory employee	25,319	24,184	17,689	17,446	14,198
Payroll per administrative employee	33,454	35,488	20,757	20,371	17,066
Payroll per sales employee	40,330	39,589	16,365	14,851	6,492
PAYROLL - EXCLUDING TAXES AND BENEFITS					
EXCLUDING EXECUTIVES					
Payroll per employee - All employees	$ 21,781	$ 20,744	$ 13,796	$ 14,759	$ 12,874
Payroll per factory employee	20,806	19,752	14,076	15,188	12,764
Payroll per administrative employee	17,224	16,112	7,896	11,247	9,734
Payroll per sales employee	31,533	30,690	2,102	8,649	6,038
EXECUTIVE PAYROLL					
Payroll per executive - All executives	51,403	56,272	21,223	20,996	11,203
Payroll per factory executive	30,295	30,377	14,607	7,437	1,598
Payroll per administrative executive	58,880	69,862	16,267	18,768	12,339
Payroll per sales executive	42,081	41,222	15,409	10,619	0
RECEIVABLES					
Collection period	58.6	59.6	33.1	44.2	41.0
PROFIT					
Gross profit percentage of sales	24.55%	30.08%	16.41%	26.42%	30.72%
Average gross profit per factory employee	$ 26,561	$ 34,019	$ 27,419	$ 21,899	$ 23,361
Income (loss) before taxes percentage of sales	3.07%	11.80%	(0.85)%	3.44%	13.01%
Average income (loss) before taxes per employee	$ 2,450	$ 8,962	$ (276)	$ 1,788	$ 6,639

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 24,988	$ 28,912	$ 37,948	$ 50,592	$ 46,185	$ 47,247	$ 46,058	$ 43,792
39,933	47,192	56,350	74,973	64,734	64,084	60,751	57,731
9,725	12,886	15,490	27,016	15,973	25,283	22,227	28,098
36,347	39,306	47,779	57,328	51,351	53,608	43,490	39,154
243.52%	195.81%	121.74%	174.53%	88.48%	137.91%	139.19%	177.93%
68.28%	66.93%	72.20%	72.78%	76.33%	78.55%	79.66%	81.26%
19.78	21.92	14.01	14.50	10.84	10.33	9.71	6.64
11.94	11.15	13.79	12.72	12.83	11.12	10.63	12.10
$ 58,840	$ 68,453	$ 74,075	$ 82,250	$ 85,390	$ 86,344	$ 84,675	$ 78,578
88,440	105,888	104,534	116,297	113,797	111,261	107,290	97,782
57,887	70,245	65,632	74,981	69,803	72,858	67,475	67,590
347,825	365,772	594,587	645,609	869,233	934,735	1,174,140	1,297,386
68,688	81,427	82,457	91,991	92,583	93,049	89,495	83,722
94,450	111,070	110,604	123,411	119,773	116,606	111,940	103,466
61,853	73,685	69,476	79,572	73,353	76,374	70,498	71,727
266,337	343,649	501,270	495,215	748,552	773,155	1,255,100	1,505,170
468%	477%	398%	344%	370%	343%	391%	340%
41.17%	35.31%	40.96%	37.79%	40.37%	37.22%	40.53%	40.74%
91.76	81.41	82.96	62.52	76.37	55.54	80.29	79.17
$ 23,574	$ 23,142	$ 29,767	$ 30,462	$ 33,833	$ 32,038	$ 33,497	$ 31,138
21,835	22,233	26,705	26,738	29,435	26,453	29,835	27,012
27,864	26,139	34,720	39,143	42,601	47,002	40,957	48,094
27,396	22,778	42,912	47,428	57,736	57,340	62,765	58,332
$ 18,213	$ 18,638	$ 23,146	$ 22,822	$ 25,896	$ 23,360	$ 26,079	$ 23,388
18,165	19,060	22,065	21,671	23,593	20,938	23,709	20,814
15,596	14,425	17,909	17,473	19,981	17,428	20,633	19,716
19,266	16,360	34,323	36,480	47,194	46,273	53,287	48,954
37,449	35,564	54,785	72,315	71,315	82,949	73,170	61,246
22,545	19,915	32,974	36,398	42,491	52,793	40,008	31,238
39,538	34,530	60,092	82,244	88,406	124,112	103,195	97,278
20,861	17,571	44,700	53,155	68,548	59,652	80,909	69,243
55.6	60.3	61.1	65.1	63.5	55.4	63.3	64.5
25.60%	31.49%	24.31%	29.11%	23.89%	29.25%	23.85%	30.91%
$ 24,724	$ 35,899	$ 27,565	$ 36,389	$ 28,631	$ 34,526	$ 26,838	$ 32,657
2.69%	12.36%	2.87%	10.69%	3.48%	12.28%	5.42%	12.37%
$ 1,966	$ 3,858	$ 2,390	$ 8,705	$ 3,000	$ 10,641	$ 4,620	$ 10,122

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $250,000**	SALES FROM $250,000-$500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT					
Current Assets:					
Cash	$ 3.46	$ 5.52	$ 2.19	$ 3.71	$ 5.62
Receivables	15.68	15.92	9.63	11.81	10.97
Inventories	5.19	4.73	2.30	3.80	3.21
Marketable securities	0.62	1.45	2.02	0.20	0.69
Other current assets	1.47	2.65	0.79	3.10	8.41
	26.42	30.27	16.93	22.62	28.90
Plant Investment:					
Land and building	5.52	5.85	0.84	5.64	5.89
Machinery and equipment	32.93	32.27	32.43	32.21	26.09
Other fixed assets	3.98	3.80	4.88	4.42	6.06
	42.43	41.92	38.15	42.27	38.04
Non-Current Assets	2.15	1.88	0.04	2.65	1.07
TOTAL INVESTMENT	71.00	74.07	55.12	67.54	68.01
INVESTMENT TURNOVER PER $100 OF SALES	140.85%	135.01%	181.42%	148.06%	147.04%
EARNINGS					
Cost of Product	$75.45	$69.92	$ 83.59	$73.58	$69.28
Selling Expenses	8.98	7.73	4.11	5.71	3.32
Administrative Expenses	11.06	10.10	13.72	15.51	13.85
	95.49	87.75	101.42	94.80	86.95
Income (Loss) Before Interest, Other Income and Taxes	4.51	12.25	(1.42)	5.20	13.05
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	6.35%	16.54%	(2.58)%	7.70%	19.19%

** Sample insufficient for profit leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$5,000,000		SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.57	$ 3.65	$ 3.46	$ 5.48	$ 3.82	$ 8.51	$ 2.37	$ 5.81
14.87	16.12	16.32	17.38	16.91	14.76	16.94	17.28
4.28	2.65	5.44	5.35	5.98	6.64	7.38	6.29
0.54	1.38	0.74	1.41	0.49	1.23	0.48	0.84
1.35	1.19	1.48	3.43	1.26	0.71	1.15	1.49
24.61	24.99	27.44	33.05	28.46	31.85	28.32	31.71
3.57	2.23	6.10	7.20	6.43	7.68	8.47	8.03
31.49	31.06	34.94	36.42	33.09	34.12	27.17	26.55
4.53	3.21	3.81	3.61	3.32	3.45	3.84	3.53
39.59	36.50	44.85	47.23	42.84	45.25	39.48	38.11
1.58	0.82	2.14	3.36	2.28	1.19	4.11	1.58
65.78	62.31	74.43	83.64	73.58	78.29	71.91	71.40
152.02%	160.49%	134.35%	119.56%	135.91%	127.73%	139.06%	140.06%
$74.40	$68.51	$75.69	$70.89	$76.11	$70.75	$76.15	$69.09
7.90	6.39	9.81	8.49	10.06	8.78	9.91	10.84
13.72	11.97	10.13	9.77	8.73	7.65	7.12	6.88
96.02	86.87	95.63	89.15	94.90	87.18	93.18	86.81
3.98	13.13	4.37	10.85	5.10	12.82	6.82	13.19
6.05%	21.07%	5.87%	12.97%	6.93%	16.37%	9.48%	18.47%

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	41.74	37.44	39.80	31.27
FACTORY EXPENSES	19.69	17.78	21.68	26.47
TOTAL FACTORY COST OF PRODUCT	61.43	55.22	61.48	57.74
GROSS PROFIT	38.57	44.78	38.52	42.26
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	16.37	13.70	20.34	14.29
Selling expenses	14.45	11.91	12.69	10.11
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.82	25.61	33.03	24.40
INCOME BEFORE INTEREST EXPENSE	7.75	19.17	5.49	17.86
Interest expense	3.35	2.63	2.57	1.36
OPERATING INCOME	4.40	16.54	2.92	16.50
Other income (expense)	0.29	(0.58)	0.13	4.75
INCOME BEFORE INCOME TAXES	4.69	15.96	3.05	21.25

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
43.38	41.33	41.14	34.81	43.02	42.17	42.36	37.01
20.71	18.16	21.38	19.25	19.96	15.66	20.95	18.50
64.09	59.49	62.52	54.06	62.98	57.83	63.31	55.51
35.91	40.51	37.48	45.94	37.02	42.17	36.69	44.49
16.74	10.12	16.20	11.60	15.93	13.33	16.05	11.74
12.86	10.55	14.01	10.29	13.09	12.17	15.04	15.04
29.60	20.67	30.21	21.89	29.02	25.50	31.09	26.78
6.31	19.84	7.27	24.05	8.00	16.67	5.60	17.71
3.31	1.98	3.27	1.42	3.05	2.28	3.03	1.90
3.00	17.86	4.00	22.63	4.95	14.39	2.57	15.81
0.57	0.70	0.74	(0.68)	0.85	0.51	1.55	2.15
3.57	18.56	4.74	21.95	5.80	14.90	4.12	17.96

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	3.04%	3.27%	2.08%	7.14%
Direct wages	28.62	26.74	25.44	15.50
General factory salaries and wages	2.56	1.40	3.54	0.35
Packing, shipping and delivery wages	1.01	0.32	2.02	1.40
Payroll taxes	2.97	2.62	2.68	2.34
Employee benefits	3.54	3.09	4.04	4.54
TOTAL FACTORY PAYROLL	41.74	37.44	39.80	31.27
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.42	0.38	0.34	1.82
Depreciation - other	5.65	5.98	6.07	11.81
Taxes - real estate	0.36	0.48	0.10	0.68
Taxes - other	0.26	0.24	0.13	0.07
Insurance	0.93	0.62	0.83	1.49
Building rent	2.20	1.20	2.96	1.68
Utilities - heat, light, etc.	2.00	1.97	2.43	2.29
Equipment rental	0.47	0.18	0.03	0.00
Total Fixed Expenses	12.29	11.05	12.89	19.84
Other Expenses				
Factory supplies and expense	3.12	3.18	2.76	3.23
Packing, shipping and delivery expense	1.51	0.89	3.06	1.48
Repairs and maintenance	1.91	1.53	1.87	1.02
Other factory expenses	0.86	1.13	1.10	0.90
Total Other Expenses	7.40	6.73	8.79	6.63
TOTAL FACTORY EXPENSES	19.69	17.78	21.68	26.47
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.78	5.49	8.15	8.43
Salaries - office	4.63	3.18	4.24	2.42
Payroll taxes	0.70	0.52	0.74	0.31
Employee benefits	0.98	0.78	0.74	0.23
Bad debts	0.29	0.13	0.09	0.04
Office supplies and expenses	0.81	0.63	0.[illegible]9	0.20
Professional fees	0.91	0.62	1.10	1.68
Taxes - business	0.07	0.05	0.04	0.01
Telephone	0.84	0.53	0.80	0.24
Other administrative expenses	2.36	1.77	3.55	0.73
TOTAL ADMINISTRATIVE EXPENSES	16.37	13.70	20.34	14.29
SELLING EXPENSES				
Salaries - executive	1.64	1.90	0.89	0.00
Salaries and commissions - salesmen	7.28	5.45	6.44	7.65
Salaries - sales office clerical	1.24	0.79	0.15	0.00
Payroll taxes	0.61	0.43	0.40	0.51
Employee benefits	0.70	0.56	0.48	0.32
Advertising	0.50	0.23	0.92	0.05
Travel and entertainment	1.58	1.98	1.64	0.98
Other selling expenses	0.90	0.57	1.77	0.60
TOTAL SELLING EXPENSES	14.45	11.91	12.69	10.11

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.01%	1.89%	3.46%	2.43%	3.04%	3.77%	3.04%	2.67%
29.16	25.87	28.39	23.38	27.47	25.03	28.74	24.55
2.54	4.19	2.79	2.79	3.85	4.29	2.27	1.76
1.42	1.07	1.39	1.27	0.79	0.84	1.61	2.36
3.33	2.79	2.72	2.34	3.35	2.86	2.92	2.31
3.92	5.52	2.39	2.60	4.52	5.38	3.78	3.36
43.38	41.33	41.14	34.81	43.02	42.17	42.36	37.01
0.39	0.42	0.52	0.40	0.63	0.69	0.64	0.68
5.59	4.39	6.27	7.26	5.31	4.28	5.59	3.54
0.21	0.12	0.45	0.08	0.27	0.48	0.29	0.38
0.21	0.15	0.28	0.25	0.67	0.96	0.51	0.34
1.14	0.49	0.98	0.86	0.66	0.61	0.94	1.42
2.26	1.96	2.17	2.11	1.92	0.59	1.76	0.51
1.88	1.44	1.86	1.60	2.05	1.86	1.93	1.32
0.69	0.90	0.77	0.25	0.73	0.13	0.93	0.53
12.37	9.87	13.30	12.81	12.24	9.60	12.59	8.72
3.49	3.37	3.50	3.17	3.11	2.43	2.81	4.18
1.60	2.46	1.25	1.22	1.12	0.85	1.52	2.57
2.18	1.69	2.25	1.66	1.68	1.55	2.24	1.61
1.07	0.77	1.08	0.39	1.81	1.23	1.79	1.42
8.34	8.29	8.08	6.44	7.72	6.06	8.36	9.78
20.71	18.16	21.38	19.25	19.96	15.66	20.95	18.50
5.17	3.24	4.66	2.56	4.46	3.87	5.00	3.61
3.98	1.96	4.32	3.59	4.02	3.16	3.94	3.19
0.73	0.32	0.61	0.47	0.71	0.74	0.59	0.51
1.02	0.57	0.64	0.59	1.07	0.87	1.02	0.74
0.56	0.38	0.71	0.69	0.62	0.11	0.65	0.24
0.67	0.66	0.77	0.52	0.66	0.48	0.73	0.87
1.07	0.75	0.88	0.64	0.81	0.69	0.98	0.25
0.21	0.06	0.23	0.36	0.40	0.35	0.32	0.18
0.84	0.96	0.88	0.65	0.66	0.30	0.69	0.76
2.49	1.22	2.50	1.53	2.52	2.76	2.13	1.39
16.74	10.12	16.20	11.60	15.93	13.33	16.05	11.74
2.48	1.19	2.04	1.33	2.60	2.33	2.14	1.82
5.34	4.59	6.90	5.42	5.68	4.93	7.19	8.74
0.90	1.50	1.16	0.71	0.96	1.07	1.16	0.60
0.58	0.34	0.68	0.45	0.62	0.34	0.66	0.67
0.46	0.67	0.44	0.31	0.62	0.70	0.77	0.57
0.54	0.58	0.65	0.55	0.57	0.46	0.82	0.64
1.24	0.87	1.12	0.80	1.23	0.97	1.50	1.75
1.32	0.81	1.02	0.72	0.81	1.37	0.80	0.25
12.86	10.55	14.01	10.29	13.09	12.17	15.04	15.04

REPORT ON OPERATIONS - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	42.60	28.69	42.27	39.78
FACTORY EXPENSES	20.00	17.41	19.86	17.29
TOTAL FACTORY COST OF PRODUCT	62.60	46.10	62.13	57.07
GROSS PROFIT	37.40	53.90	37.87	42.93
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	15.90	17.41	18.70	18.18
Selling expenses	14.82	20.08	14.36	9.65
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	30.72	37.49	33.06	27.83
INCOME BEFORE INTEREST EXPENSE	6.68	16.41	4.81	15.10
Interest expense	2.92	2.83	3.23	0.35
OPERATING INCOME	3.76	13.58	1.58	14.75
Other income	0.69	2.88	1.69	0.41
INCOME BEFORE INCOME TAXES	4.45	16.46	3.27	15.16

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X	X
X	X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.17	33.15	38.28	34.39	38.74	36.97	42.56	37.81
22.73	21.25	20.82	21.75	21.89	18.54	17.19	16.38
62.90	54.40	59.10	56.14	60.63	55.51	59.75	54.19
37.10	45.60	40.90	43.86	39.37	44.49	40.25	45.81
18.91	20.65	18.55	17.07	19.59	18.27	14.74	14.37
13.27	9.03	14.17	8.96	13.52	10.60	15.44	12.69
32.18	29.68	32.72	26.03	33.11	28.87	30.18	27.06
4.92	15.92	8.18	17.83	6.26	15.62	10.07	18.75
3.14	2.00	2.87	2.07	3.13	1.69	2.94	1.35
1.78	13.92	5.31	15.76	3.13	13.93	7.13	17.40
1.68	2.35	0.56	2.53	0.67	1.48	0.65	0.97
3.46	16.27	5.87	18.29	3.80	15.41	7.78	18.37

SUPPORTING SCHEDULES - VALUE ADDED = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.82%	1.38%	2.64%	2.65%
Direct wages	28.50	16.07	30.41	29.14
General factory salaries and wages	2.39	4.72	1.59	1.20
Packing, shipping and delivery wages	1.50	0.83	0.95	1.04
Payroll taxes	3.25	2.26	3.14	2.72
Employee benefits	4.14	3.43	3.54	3.03
TOTAL FACTORY PAYROLL	42.60	28.69	42.27	39.78
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.48	0.21	0.86	0.35
Depreciation - other	5.01	3.84	5.24	4.63
Taxes - real estate	0.49	0.65	0.41	0.29
Taxes - other	0.13	0.00	0.16	0.10
Insurance	0.84	0.44	1.10	1.90
Building rent	2.06	2.55	2.63	1.18
Utilities - heat, light, etc.	2.13	1.44	1.85	1.78
Equipment rental	0.66	0.59	0.94	0.00
Total Fixed Expenses	11.80	9.72	13.19	10.23
Other Expenses				
Factory supplies and expense	3.09	2.70	2.80	2.45
Packing, shipping and delivery expense	2.12	3.41	1.54	2.67
Repairs and maintenance	2.12	1.10	1.70	1.84
Other factory expenses	0.87	0.48	0.63	0.10
Total Other Expenses	8.20	7.69	6.67	7.06
TOTAL FACTORY EXPENSES	20.00	17.41	19.86	17.29
ADMINISTRATIVE EXPENSES				
Salaries - executive	4.69	5.22	6.60	10.83
Salaries - office	3.84	3.39	4.00	2.21
Payroll taxes	0.58	0.63	0.74	0.77
Employee benefits	0.95	0.87	1.21	0.62
Bad debts	0.80	1.27	0.70	0.44
Office supplies and expenses	0.88	0.96	0.97	0.23
Professional fees	0.95	1.09	0.81	0.69
Taxes - business	0.36	0.35	0.14	0.29
Telephone	0.65	0.77	0.78	0.51
Other administrative expenses	2.20	2.86	2.75	1.59
TOTAL ADMINISTRATIVE EXPENSES	15.90	17.41	18.70	18.18
SELLING EXPENSES				
Salaries - executive	2.77	3.94	2.47	1.22
Salaries and commissions - salesmen	6.14	7.65	6.49	4.96
Salaries - sales office clerical	1.11	1.88	1.10	0.90
Payroll taxes	0.54	0.35	0.59	0.47
Employee benefits	0.75	1.15	0.65	0.40
Advertising	0.68	0.50	0.83	0.16
Travel and entertainment	1.41	2.26	1.30	0.80
Other selling expenses	1.42	2.35	0.93	0.74
TOTAL SELLING EXPENSES	14.82	20.08	14.36	9.65

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.32%	4.45%	3.32%	2.63%	2.40%	1.10%	3.39%	2.72%
28.06	23.50	27.17	25.37	26.60	27.50	30.49	29.33
2.25	0.68	1.16	0.82	2.53	2.14	3.70	1.52
1.50	0.62	1.29	1.23	0.84	0.47	1.05	1.00
2.82	2.20	2.60	2.29	3.38	2.97	1.18	0.73
2.22	1.70	2.74	2.05	2.99	2.79	2.75	2.51
40.17	33.15	38.28	34.39	38.74	36.97	42.56	37.81
0.42	0.15	0.37	0.08	0.24	0.11	0.33	0.11
6.70	6.60	4.91	5.13	6.40	4.53	4.43	4.98
0.30	0.39	0.25	0.01	0.24	0.15	0.40	0.39
0.51	0.28	0.51	0.57	0.53	0.47	0.15	0.13
1.08	1.41	1.19	1.37	0.95	0.70	0.41	0.40
2.53	2.31	3.57	4.68	4.63	5.23	2.37	2.63
2.09	1.96	1.43	1.27	1.30	0.83	1.19	0.89
1.75	1.81	1.56	2.60	1.34	2.01	0.60	0.15
15.38	14.91	13.79	15.71	15.63	14.03	9.88	9.68
2.66	2.82	2.39	1.83	2.57	1.89	2.43	2.15
1.61	1.09	1.47	1.02	1.04	0.79	1.76	1.93
2.09	1.45	2.18	1.77	1.93	1.50	2.18	1.98
0.99	0.98	0.99	1.42	0.72	0.33	0.94	0.64
7.35	6.34	7.03	6.04	6.26	4.51	7.31	6.70
22.73	21.25	20.82	21.75	21.89	18.54	17.19	16.38
6.44	9.24	5.50	5.35	6.07	8.03	4.08	4.19
5.08	5.02	5.03	5.58	4.56	1.91	3.96	4.33
1.03	1.12	0.77	0.60	0.88	0.61	0.19	0.11
0.68	0.36	1.06	0.87	1.06	0.91	0.45	0.56
1.02	0.88	0.80	0.84	0.82	0.49	0.81	0.60
0.80	0.58	0.87	0.75	0.87	0.36	0.99	1.05
0.77	0.87	0.98	0.70	0.96	0.78	0.97	0.91
0.24	0.17	0.11	0.02	0.78	1.17	0.35	0.30
0.75	0.65	0.91	0.87	0.99	0.60	0.83	0.57
2.10	1.76	2.52	1.49	2.60	3.41	2.11	1.75
18.91	20.65	18.55	17.07	19.59	18.27	14.74	14.37
2.09	2.37	2.39	1.87	2.31	2.02	2.07	1.63
6.45	3.96	6.05	3.34	6.28	5.54	7.76	6.32
1.01	0.34	0.96	0.80	0.92	1.04	1.37	0.55
0.55	0.24	0.54	0.25	0.62	0.31	0.25	0.21
0.39	0.36	0.54	0.39	0.73	0.43	0.52	0.49
0.79	0.85	0.86	0.35	0.82	0.36	0.87	0.90
1.00	0.57	1.35	1.53	1.23	0.56	1.59	1.54
0.99	0.34	1.48	0.43	0.61	0.34	1.01	1.05
13.27	9.03	14.17	8.96	13.52	10.60	15.44	12.69

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	20.74	19.90	18.43	19.38
Other chargeable materials	4.73	4.26	5.56	4.42
Outside services	8.73	8.58	11.90	7.72
TOTAL MATERIALS	34.20	32.74	35.89	31.52
FACTORY PAYROLL	27.48	25.24	25.92	21.39
FACTORY EXPENSES	12.98	11.87	13.99	17.99
TOTAL FACTORY COST OF PRODUCT	74.66	69.85	75.80	70.90
GROSS PROFIT	25.34	30.15	24.20	29.10
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.84	9.36	13.02	9.77
Selling expenses	9.51	7.98	7.44	6.85
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.35	17.34	20.46	16.62
INCOME BEFORE INTEREST EXPENSE	4.99	12.81	3.74	12.48
Interest expense	2.18	1.76	1.57	0.92
OPERATING INCOME	2.81	11.05	2.17	11.56
Other income (expense)	0.21	(0.38)	(0.04)	3.15
INCOME BEFORE INCOME TAXES	3.02	10.67	2.13	14.71

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	1.27%	1.42%	1.36%	0.77%
Film	1.04	0.89	1.10	1.00
Plates	1.23	1.30	2.08	1.05
Other chargeable materials	1.19	0.65	1.02	1.60
TOTAL OTHER CHARGEABLE MATERIALS	4.73	4.26	5.56	4.42
OUTSIDE SERVICES				
Composition	0.59	0.61	0.99	0.97
Offset preparation	1.23	1.39	1.01	0.24
Printing	1.94	0.49	2.49	0.35
Binding	3.22	2.41	4.92	1.68
Other outside services	1.75	3.68	2.49	4.48
TOTAL OUTSIDE SERVICES	8.73	8.58	11.90	7.72

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
20.29	17.67	23.04	22.88	22.68	20.50	22.28	21.00
5.57	6.08	4.78	4.16	5.72	7.43	5.66	8.71
9.62	4.56	7.84	6.25	7.11	3.44	9.86	5.17
35.48	28.31	35.66	33.29	35.51	31.37	37.80	34.88
28.05	29.71	26.41	23.38	27.71	28.82	26.32	24.32
13.22	13.22	13.71	12.82	12.86	10.82	13.00	11.99
76.75	71.24	75.78	69.49	76.08	71.01	77.12	71.19
23.25	28.76	24.22	30.51	23.92	28.99	22.88	28.81
10.67	7.46	10.42	7.80	10.29	9.21	9.98	7.55
8.17	7.40	8.90	6.87	8.41	8.36	9.31	9.71
18.84	14.86	19.32	14.67	18.70	17.57	19.29	17.26
4.41	13.90	4.90	15.84	5.22	11.42	3.59	11.55
2.10	1.47	2.07	0.94	1.90	1.57	1.88	1.18
2.31	12.43	2.83	14.90	3.32	9.85	1.71	10.37
0.31	0.44	0.49	(0.41)	0.54	0.36	0.90	1.33
2.62	12.87	3.32	14.49	3.86	10.21	2.61	11.70

1.19%	1.13%	1.10%	1.01%	1.57%	1.85%	1.39%	1.12%
0.92	1.54	1.28	1.20	0.95	0.93	1.19	0.56
1.52	1.04	1.14	0.81	1.33	1.77	1.29	0.53
1.94	2.37	1.26	1.14	1.87	2.88	1.79	6.50
5.57	6.08	4.78	4.16	5.72	7.43	5.66	8.71
1.01	0.38	1.03	0.65	0.78	0.46	0.74	0.51
0.92	0.49	1.46	1.82	1.68	1.12	2.36	1.00
1.84	0.71	2.10	1.21	1.18	0.27	1.88	1.21
3.19	1.92	1.17	0.99	2.52	0.74	2.94	1.64
2.66	1.06	2.08	1.58	0.95	0.85	1.94	0.81
9.62	4.56	7.84	6.25	7.11	3.44	9.86	5.17

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	NEW ENGLAND AND UP-STATE NEW YORK		METROPOLITAN NEW YORK AND NEW JERSEY	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.02%	2.16%	1.41%	4.94%
Direct wages	18.89	18.11	16.62	10.57
General factory salaries and wages	1.64	0.95	2.13	0.23
Packing, shipping and delivery wages	0.65	0.20	1.36	0.98
Payroll taxes	1.95	1.76	1.74	1.60
Employee benefits	2.33	2.06	2.66	3.07
TOTAL FACTORY PAYROLL	27.48	25.24	25.92	21.39
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.28	0.25	0.22	1.20
Depreciation - other	3.69	3.86	3.90	7.97
Taxes - real estate	0.24	0.31	0.07	0.45
Taxes - other	0.18	0.19	0.09	0.04
Insurance	0.61	0.42	0.55	1.04
Building rent	1.45	0.86	1.95	1.17
Utilities - heat, light, etc.	1.32	1.30	1.55	1.56
Equipment rental	0.33	0.14	0.02	0.00
Total Fixed Expenses	8.10	7.33	8.35	13.43
Other Expenses				
Factory supplies and expense	2.06	2.15	1.80	2.27
Packing, shipping and delivery expense	1.00	0.61	2.00	0.99
Repairs and maintenance	1.25	1.01	1.16	0.70
Other factory expenses	0.57	0.77	0.68	0.60
Total Other Expenses	4.88	4.54	5.64	4.56
TOTAL FACTORY EXPENSES	12.98	11.87	13.99	17.99
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.18	3.70	5.37	5.81
Salaries - office	3.07	2.24	2.68	1.68
Payroll taxes	0.47	0.36	0.46	0.21
Employee benefits	0.65	0.52	0.48	0.15
Bad debts	0.19	0.09	0.06	0.03
Office supplies and expenses	0.53	0.44	0.52	0.14
Professional fees	0.59	0.43	0.69	1.11
Taxes - business	0.04	0.03	0.03	0.00
Telephone	0.55	0.35	0.49	0.16
Other administrative expenses	1.57	1.20	2.24	0.48
TOTAL ADMINISTRATIVE EXPENSES	10.84	9.36	13.02	9.77
SELLING EXPENSES				
Salaries - executive	1.09	1.29	0.52	0.00
Salaries and commissions - salesmen	4.77	3.73	3.80	5.20
Salaries - sales office clerical	0.83	0.49	0.10	0.00
Payroll taxes	0.40	0.29	0.24	0.35
Employee benefits	0.46	0.36	0.29	0.21
Advertising	0.34	0.15	0.51	0.03
Travel and entertainment	1.03	1.30	0.91	0.66
Other selling expenses	0.59	0.37	1.07	0.40
TOTAL SELLING EXPENSES	9.51	7.98	7.44	6.85

EASTERN PENNA., MARYLAND AND D.C.		SOUTHEAST ATLANTIC		EAST NORTH CENTRAL		SOUTH CENTRAL	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.96%	1.41%	2.24%	1.66%	1.98%	2.61%	1.88%	1.72%
18.92	18.76	18.22	15.63	17.72	17.15	17.85	16.01
1.64	2.87	1.79	1.90	2.46	2.86	1.43	1.17
0.89	0.76	0.88	0.85	0.51	0.57	1.02	1.63
2.14	2.02	1.75	1.56	2.15	1.95	1.81	1.50
2.50	3.89	1.53	1.78	2.89	3.68	2.33	2.29
28.05	29.71	26.41	23.38	27.71	28.82	26.32	24.32
0.25	0.30	0.32	0.28	0.40	0.47	0.39	0.44
3.53	3.22	4.04	4.79	3.40	3.00	3.45	2.28
0.13	0.08	0.28	0.06	0.17	0.32	0.18	0.26
0.14	0.11	0.18	0.17	0.44	0.66	0.31	0.23
0.71	0.35	0.63	0.56	0.42	0.42	0.59	0.88
1.49	1.52	1.40	1.38	1.28	0.44	1.09	0.34
1.19	1.03	1.20	1.08	1.32	1.28	1.20	0.86
0.47	0.67	0.51	0.18	0.47	0.09	0.63	0.34
7.91	7.28	8.56	8.50	7.90	6.68	7.84	5.63
2.18	2.35	2.26	2.15	1.99	1.66	1.74	2.69
1.04	1.82	0.79	0.79	0.73	0.60	0.93	1.61
1.42	1.23	1.42	1.12	1.08	1.06	1.38	1.03
0.67	0.54	0.68	0.26	1.16	0.82	1.11	1.03
5.31	5.94	5.15	4.32	4.96	4.14	5.16	6.36
13.22	13.22	13.71	12.82	12.86	10.82	13.00	11.99
3.27	2.38	3.00	1.74	2.92	2.68	3.12	2.26
2.56	1.44	2.77	2.42	2.62	2.19	2.44	2.04
0.45	0.24	0.39	0.32	0.46	0.51	0.36	0.34
0.65	0.40	0.42	0.41	0.67	0.61	0.64	0.49
0.35	0.27	0.45	0.46	0.39	0.07	0.41	0.15
0.44	0.49	0.50	0.34	0.43	0.33	0.45	0.57
0.68	0.57	0.57	0.42	0.52	0.48	0.61	0.16
0.13	0.05	0.15	0.24	0.25	0.25	0.20	0.12
0.54	0.73	0.56	0.43	0.42	0.20	0.43	0.48
1.60	0.89	1.61	1.02	1.61	1.89	1.32	0.94
10.67	7.46	10.42	7.80	10.29	9.21	9.98	7.55
1.50	0.86	1.31	0.88	1.68	1.63	1.30	1.14
3.45	3.13	4.37	3.61	3.62	3.38	4.45	5.64
0.60	1.06	0.74	0.48	0.63	0.72	0.71	0.40
0.37	0.24	0.43	0.30	0.40	0.23	0.41	0.44
0.30	0.48	0.28	0.21	0.40	0.49	0.47	0.39
0.37	0.45	0.41	0.37	0.37	0.31	0.53	0.41
0.78	0.62	0.70	0.54	0.78	0.66	0.94	1.13
0.80	0.56	0.66	0.48	0.53	0.94	0.50	0.16
8.17	7.40	8.90	6.87	8.41	8.36	9.31	9.71

REPORT ON OPERATIONS - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	20.23	15.96	22.46	24.81
Other chargeable materials	5.39	3.35	5.48	2.78
Outside services	9.26	14.66	8.34	8.18
TOTAL MATERIALS	34.88	33.97	36.28	35.77
FACTORY PAYROLL	27.64	18.98	26.88	25.48
FACTORY EXPENSES	12.99	11.47	12.63	11.12
TOTAL FACTORY COST OF PRODUCT	75.51	64.42	75.79	72.37
GROSS PROFIT	24.49	35.58	24.21	27.63
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.44	11.17	11.81	11.78
Selling expenses	9.70	14.05	9.20	6.17
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.14	25.22	21.01	17.95
INCOME BEFORE INTEREST EXPENSE	4.35	10.36	3.20	9.68
Interest expense	2.01	1.78	2.05	0.23
OPERATING INCOME	2.34	8.58	1.15	9.45
Other income	0.39	1.92	0.96	0.28
INCOME BEFORE INCOME TAXES	2.73	10.50	2.11	9.73

SUPPORTING SCHEDULES - SALES = 100%

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	1.42%	0.89%	1.38%	0.95%
Film	1.53	1.16	1.17	1.19
Plates	1.13	0.49	1.35	0.64
Other chargeable materials	1.31	0.81	1.58	0.00
TOTAL OTHER CHARGEABLE MATERIALS	5.39	3.35	5.48	2.78
OUTSIDE SERVICES				
Composition	0.74	0.27	0.54	0.00
Offset preparation	1.86	4.11	1.56	1.29
Printing	2.33	5.07	1.59	0.00
Binding	2.17	2.41	1.50	0.38
Other outside services	2.16	2.80	3.15	6.51
TOTAL OUTSIDE SERVICES	9.26	14.66	8.34	8.18

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
20.67	19.92	19.59	20.52	19.47	17.61	22.10	20.93
4.41	2.51	4.52	4.22	5.00	4.75	5.62	5.25
9.67	9.54	10.92	11.27	10.35	9.03	10.32	8.17
34.75	31.97	35.03	36.01	34.82	31.39	38.04	34.35
26.15	22.45	24.85	22.23	25.39	25.80	26.38	24.93
14.89	14.33	13.47	13.67	14.28	12.84	10.63	10.76
75.79	68.75	73.35	71.91	74.49	70.03	75.05	70.04
24.21	31.25	26.65	28.09	25.51	29.97	24.95	29.96
12.51	14.30	12.14	10.98	12.72	12.30	9.16	9.48
8.51	5.98	9.16	5.69	8.63	6.98	9.50	8.27
21.02	20.28	21.30	16.67	21.35	19.28	18.66	17.75
3.19	10.97	5.35	11.42	4.16	10.69	6.29	12.21
2.03	1.35	1.89	1.34	2.03	1.18	1.78	0.91
1.16	9.62	3.46	10.08	2.13	9.51	4.51	11.30
1.14	1.55	0.32	1.56	0.39	1.02	0.38	0.64
2.30	11.17	3.78	11.64	2.52	10.53	4.89	11.94

1.32%	0.72%	1.26%	0.95%	1.18%	1.00%	1.19%	1.10%
1.02	0.52	1.19	1.44	1.22	1.24	1.65	1.48
1.27	0.61	0.99	0.78	1.33	0.99	1.09	1.98
0.80	0.66	1.08	1.05	1.27	1.52	1.69	0.69
4.41	2.51	4.52	4.22	5.00	4.75	5.62	5.25
1.00	1.03	1.05	1.60	0.89	0.37	1.23	1.47
1.18	1.30	1.70	2.31	0.97	0.39	2.29	1.25
3.60	5.47	3.19	3.85	3.02	4.94	2.26	1.25
2.34	1.69	3.11	2.15	3.52	2.77	2.26	1.54
1.55	0.05	1.87	1.36	1.95	0.56	2.28	2.66
9.67	9.54	10.92	11.27	10.35	9.03	10.32	8.17

SUPPORTING SCHEDULES - SALES = 100% - ALL FIRMS AND PROFIT LEADERS

	CHICAGO AREA		WEST NORTH CENTRAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.87%	1.02%	1.71%	1.68%
Direct wages	18.46	10.46	19.34	18.71
General factory salaries and wages	1.54	3.15	1.00	0.77
Packing, shipping and delivery wages	0.97	0.54	0.60	0.66
Payroll taxes	2.12	1.51	2.00	1.74
Employee benefits	2.68	2.30	2.23	1.92
TOTAL FACTORY PAYROLL	27.64	18.98	26.88	25.48
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.33	0.17	0.56	0.22
Depreciation - other	3.21	2.46	3.32	2.98
Taxes - real estate	0.31	0.44	0.25	0.18
Taxes - other	0.09	0.00	0.10	0.06
Insurance	0.55	0.28	0.69	1.24
Building rent	1.34	1.59	1.72	0.77
Utilities - heat, light, etc.	1.38	0.95	1.16	1.14
Equipment rental	0.44	0.36	0.60	0.00
Total Fixed Expenses	7.65	6.25	8.40	6.59
Other Expenses				
Factory supplies and expense	2.04	1.88	1.75	1.57
Packing, shipping and delivery expense	1.35	2.30	0.99	1.72
Repairs and maintenance	1.38	0.74	1.07	1.18
Other factory expenses	0.57	0.30	0.42	0.06
Total Other Expenses	5.34	5.22	4.23	4.53
TOTAL FACTORY EXPENSES	12.99	11.47	12.63	11.12
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.14	3.29	4.09	7.06
Salaries - office	2.51	2.12	2.55	1.40
Payroll taxes	0.38	0.40	0.46	0.50
Employee benefits	0.61	0.57	0.78	0.39
Bad debts	0.51	0.82	0.43	0.29
Office supplies and expenses	0.58	0.65	0.62	0.15
Professional fees	0.61	0.69	0.51	0.45
Taxes - business	0.23	0.24	0.10	0.19
Telephone	0.43	0.54	0.49	0.33
Other administrative expenses	1.44	1.85	1.78	1.02
TOTAL ADMINISTRATIVE EXPENSES	10.44	11.17	11.81	11.78
SELLING EXPENSES				
Salaries - executive	1.80	2.54	1.64	0.77
Salaries and commissions - salesmen	3.96	5.29	4.08	3.19
Salaries - sales office clerical	0.76	1.50	0.71	0.57
Payroll taxes	0.35	0.23	0.38	0.30
Employee benefits	0.50	0.84	0.42	0.25
Advertising	0.46	0.40	0.53	0.10
Travel and entertainment	0.94	1.59	0.84	0.52
Other selling expenses	0.93	1.66	0.60	0.47
TOTAL SELLING EXPENSES	9.70	14.05	9.20	6.17

PLAINS AND MOUNTAIN STATES		PACIFIC SOUTHWEST		PACIFIC NORTHWEST		CANADA	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.22%	2.96%	2.14%	1.70%	1.56%	0.78%	2.02%	1.76%
18.23	16.00	17.67	16.41	17.41	19.17	19.09	19.42
1.47	0.46	0.74	0.52	1.70	1.52	2.21	1.00
0.95	0.41	0.83	0.79	0.55	0.32	0.64	0.64
1.84	1.49	1.69	1.48	2.22	2.07	0.73	0.48
1.44	1.13	1.78	1.33	1.95	1.94	1.69	1.63
26.15	22.45	24.85	22.23	25.39	25.80	26.38	24.93
0.28	0.10	0.24	0.05	0.14	0.07	0.19	0.08
4.35	4.31	3.25	3.26	4.15	3.09	2.72	3.24
0.20	0.27	0.16	0.01	0.16	0.10	0.25	0.26
0.33	0.18	0.32	0.37	0.33	0.33	0.10	0.08
0.71	0.95	0.79	0.88	0.61	0.48	0.26	0.26
1.68	1.54	2.26	2.98	3.05	3.64	1.47	1.75
1.38	1.38	0.93	0.81	0.85	0.57	0.73	0.59
1.16	1.26	0.97	1.57	0.93	1.44	0.40	0.10
10.09	9.99	8.92	9.93	10.22	9.72	6.12	6.36
1.72	1.91	1.56	1.13	1.66	1.32	1.52	1.47
1.04	0.73	0.93	0.62	0.67	0.54	1.07	1.24
1.38	0.98	1.42	1.14	1.26	1.03	1.35	1.29
0.66	0.72	0.64	0.85	0.47	0.23	0.57	0.40
4.80	4.34	4.55	3.74	4.06	3.12	4.51	4.40
14.89	14.33	13.47	13.67	14.28	12.84	10.63	10.76
4.29	6.33	3.65	3.59	3.93	5.37	2.50	2.77
3.36	3.52	3.31	3.48	2.97	1.33	2.51	2.90
0.68	0.77	0.51	0.37	0.57	0.40	0.12	0.07
0.45	0.25	0.68	0.56	0.68	0.63	0.28	0.36
0.66	0.58	0.53	0.55	0.56	0.35	0.51	0.40
0.53	0.41	0.55	0.47	0.56	0.24	0.62	0.69
0.51	0.62	0.65	0.44	0.61	0.53	0.60	0.60
0.16	0.12	0.07	0.01	0.52	0.71	0.22	0.19
0.49	0.46	0.59	0.55	0.63	0.40	0.51	0.37
1.38	1.24	1.60	0.96	1.69	2.34	1.29	1.13
12.51	14.30	12.14	10.98	12.72	12.30	9.16	9.48
1.34	1.58	1.53	1.21	1.48	1.42	1.24	1.05
4.11	2.57	3.92	2.07	3.97	3.49	4.78	4.13
0.65	0.23	0.64	0.54	0.59	0.72	0.84	0.34
0.36	0.16	0.35	0.16	0.40	0.21	0.15	0.14
0.25	0.23	0.35	0.25	0.47	0.29	0.32	0.32
0.52	0.60	0.55	0.22	0.54	0.25	0.54	0.60
0.63	0.38	0.86	0.96	0.79	0.37	0.99	1.02
0.65	0.23	0.96	0.28	0.39	0.23	0.64	0.67
8.51	5.98	9.16	5.69	8.63	6.98	9.50	8.27

BALANCE SHEET - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA. MARYLAND AND D.C.
ASSETS			
CURRENT ASSETS			
Cash	6.84%	10.43%	9.33%
Receivables	31.70	29.66	32.95
Inventories	11.19	11.26	10.56
Other current assets	4.36	6.48	2.94
TOTAL CURRENT ASSETS	54.09	57.83	55.78
FIXED ASSETS			
Real estate	11.64	5.55	9.39
Less: Accumulated depreciation	3.45	1.16	3.39
	8.19	4.39	6.00
Machinery and equipment	66.07	63.33	67.39
Less: Accumulated depreciation	37.27	36.51	37.61
	28.80	26.82	29.78
Other fixed assets	8.62	8.21	9.86
Less: Accumulated depreciation	4.62	3.54	5.04
	4.00	4.67	4.82
NET FIXED ASSETS	40.99	35.88	40.60
OTHER ASSETS	4.92	6.29	3.62
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.66	8.12	11.03
Accounts payable	14.82	16.38	12.82
Other current liabilities	7.00	9.63	8.48
TOTAL CURRENT LIABILITIES	32.48	34.13	32.33
LONG-TERM LIABILITIES	32.12	24.36	28.90
TOTAL LIABILITIES	64.60	58.49	61.23
SHAREHOLDERS' AND PROPRIETORS' EQUITY	35.40	41.51	38.77
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.67	1.69	1.73
QUICK RATIO	1.32	1.36	1.40
TOTAL LIABILITIES TO EQUITY	1.82	1.41	1.58
LONG-TERM LIABILITIES TO EQUITY	0.91	0.59	0.75
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.56	0.58	0.56

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
6.04%	8.66%	6.26%	6.92%	7.95%	9.60%	9.14%	7.64%	1.04%
32.73	32.93	33.02	32.34	33.63	34.00	38.65	36.37	39.97
9.95	12.29	12.11	12.32	11.65	8.81	7.99	10.40	11.91
3.06	1.81	4.41	3.76	2.77	4.96	6.04	3.95	3.42
51.78	55.69	55.80	55.34	56.00	57.37	61.82	58.36	56.34
10.23	11.44	13.07	10.04	9.33	8.89	4.75	5.68	8.67
2.70	4.40	4.36	4.40	3.69	2.55	1.17	2.41	2.27
7.53	7.04	8.71	5.64	5.64	6.34	3.58	3.27	6.40
72.58	68.06	67.94	73.62	67.75	75.76	67.15	75.12	67.37
39.06	39.68	39.95	42.23	38.12	47.99	39.70	45.71	35.50
33.52	28.38	27.99	31.39	29.63	27.77	27.45	29.41	31.87
9.81	8.81	7.40	8.23	8.98	8.99	10.33	8.97	7.44
5.50	4.93	4.19	4.90	5.05	5.12	5.75	4.81	4.26
4.31	3.88	3.21	3.33	3.93	3.87	4.58	4.16	3.18
45.36	39.30	39.91	40.36	39.20	37.98	35.61	36.84	41.45
2.86	5.01	4.29	4.30	4.80	4.65	2.57	4.80	2.21
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
8.73	7.91	7.69	9.37	5.05	10.71	8.42	9.27	10.76
12.90	13.34	13.16	13.85	13.55	13.30	14.72	13.31	18.56
6.74	9.71	7.97	8.11	11.61	6.34	8.61	9.69	9.83
28.37	30.96	28.82	31.33	30.21	30.35	31.75	32.27	39.15
35.67	27.08	28.47	30.54	31.33	30.41	27.25	32.38	28.12
64.04	58.04	57.29	61.87	61.54	60.76	59.00	64.65	67.27
35.96	41.96	42.71	38.13	38.46	39.24	41.00	35.35	32.73
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.83	1.80	1.94	1.77	1.85	1.89	1.95	1.81	1.44
1.47	1.40	1.52	1.37	1.47	1.60	1.70	1.49	1.13
1.78	1.38	1.34	1.62	1.60	1.55	1.44	1.83	2.06
0.99	0.65	0.67	0.80	0.81	0.77	0.66	0.92	0.86
0.54	0.58	0.59	0.57	0.56	0.63	0.59	0.61	0.53

SIGNIFICANT FACTS - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Average assets per employee - All employees	$ 36,776	$ 48,990	$ 33,612
Average assets per factory employee (Excluding Executives)	52,377	69,509	47,965
Average net worth per employee - All employees	13,312	21,427	13,099
Average gross plant investment per factory employee (Excluding Executives)	44,317	56,049	41,280
Net worth percentage of fixed assets	108.68%	140.21%	126.07%
EMPLOYEES			
Percent factory - All employees	73.46%	72.85%	75.08%
Percent administrative - All employees	14.32	19.05	14.55
Percent sales - All employees	12.22	8.10	10.37
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 70,187	$ 89,590	$ 69,427
Sales per factory employee	95,154	123,657	95,202
Sales less material per factory employee	62,030	76,411	59,523
Sales per administrative employee	691,818	618,788	609,535
EXCLUDING EXECUTIVES			
Sales per employee - All employees	76,670	98,592	79,360
Sales per factory employee	100,218	128,864	100,442
Sales less material per factory employee	65,344	79,903	62,917
SALES PER SALESMAN	668,940	611,728	771,995
SALES TO CURRENT ASSETS	398%	372%	432%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	42.41%	39.87%	41.18%
Factory payroll percentage of gross plant investment	100.45	80.09	78.43
Payroll per employee - All employees	$ 29,088	$ 34,097	$ 27,874
Payroll per factory employee	25,732	29,508	25,124
Payroll per administrative employee	37,327	39,208	34,518
Payroll per sales employee	45,032	63,417	40,191
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 22,370	$ 25,641	$ 21,097
Payroll per factory employee	20,775	23,756	20,307
Payroll per administrative employee	17,487	18,130	16,952
Payroll per sales employee	36,945	55,315	27,961
EXECUTIVE PAYROLL			
Payroll per executive - All executives	60,132	79,844	55,985
Payroll per factory executive	36,814	19,637	31,691
Payroll per administrative executive	76,126	96,789	65,805
Payroll per sales executive	51,052	49,749	47,404
RECEIVABLES			
Collection period	58.2	52.3	56.4
PROFIT			
Gross profit percentage of sales	25.34%	24.20%	23.25%
Average gross profit per factory employee	$ 25,518	$ 32,036	$ 23,396
Income before taxes percentage of sales	3.02%	2.13%	2.62%
Average income before taxes per employee	$ 2,616	$ 2,291	$ 2,077

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 32,346	$ 39,939	$ 40,005	$ 39,877	$ 33,336	$ 32,929	$ 31,012	$ 35,903	$ 30,299
46,805	57,675	57,648	59,280	49,015	49,175	51,928	56,959	45,530
11,993	17,301	17,771	14,357	13,662	14,207	13,068	14,372	9,963
41,148	46,731	50,060	50,728	40,696	43,325	42,013	48,177	36,160
107.66%	103.45%	143.50%	110.78%	84.90%	175.52%	182.77%	407.08%	80.79
73.55%	74.68%	74.07%	73.08%	71.14%	70.55%	69.56%	67.51%	70.92
14.21	14.24	13.29	14.28	16.02	18.27	17.34	18.19	14.68
12.24	11.08	12.64	12.64	12.84	11.18	13.10	14.30	14.40
$ 60,910	$ 76,533	$ 76,138	$ 82,754	$ 67,945	$ 66,745	$ 75,347	$ 78,970	$ 59,036
83,906	104,071	104,324	116,820	96,229	95,561	110,286	120,250	84,201
53,713	66,796	63,270	74,630	60,626	61,566	70,612	76,674	50,652
567,864	750,475	693,639	741,450	498,625	522,899	539,183	525,980	488,165
67,686	85,495	83,690	92,283	76,435	76,384	98,836	90,238	66,777
88,765	110,166	110,120	122,542	100,772	102,215	130,478	127,388	90,030
56,852	70,719	66,677	78,545	63,516	66,056	81,257	81,191	54,015
465,517	666,108	626,094	672,925	470,128	488,093	421,438	471,875	506,971
434%	404%	401%	595%	417%	457%	474%	458%	395
40.13%	41.12%	40.23%	41.65%	41.98%	41.63%	39.79%	40.44%	39.12
67.99	82.64	65.58	75.00	126.59	86.99	105.15	89.76	89.26
$ 23,683	$ 31,174	$ 30,005	$ 33,045	$ 28,304	$ 27,328	$ 29,627	$ 31,556	$ 22,066
21,258	28,126	26,411	29,684	25,407	24,284	26,637	28,830	20,991
29,068	38,627	35,842	39,650	33,574	32,131	35,457	37,953	21,236
37,438	46,938	47,151	50,626	37,289	38,147	35,871	39,586	29,125
$ 18,785	$ 23,031	$ 22,708	$ 24,831	$ 21,388	$ 21,563	$ 23,000	$ 23,697	$ 18,953
17,798	22,018	21,297	23,699	20,643	20,338	22,117	23,424	18,507
15,222	18,766	18,097	20,319	15,706	18,177	19,015	17,841	13,873
29,606	37,166	36,391	37,695	29,516	32,494	26,935	25,923	25,555
44,428	53,544	60,526	61,928	49,107	44,996	55,943	53,649	30,812
33,707	20,280	35,013	34,545	25,500	30,287	27,694	24,586	25,592
49,567	57,013	72,068	76,318	55,558	47,325	60,532	59,643	34,042
38,627	44,952	52,185	55,915	36,827	37,079	40,130	35,143	31,066
58.6	60.0	59.6	57.2	56.0	55.4	54.8	55.7	71.4
24.22%	23.92%	22.88%	24.49%	24.21%	24.21%	26.65%	25.51%	24.95
$ 22,311	$ 27,247	$ 25,052	$ 32,118	$ 24,699	$ 25,003	$ 33,274	$ 33,312	$ 22,449
3.32%	3.86%	2.61%	2.73%	2.11%	2.30%	3.78%	2.52%	4.89
$ 2,679	$ 3,166	$ 2,139	$ 3,129	$ 1,673	$ 1,603	$ 2,788	$ 2,251	$ 3,175

RETURN ON INVESTMENT - PER $100 OF SALES - ALL FIRMS

	NEW ENGLAND AND UP-STATE NEW YORK	METROPOLITAN NEW YORK AND NEW JERSEY	EASTERN PENNA., MARYLAND AND D.C.
INVESTMENT			
Current Assets:			
Cash	$ 3.68	$ 5.78	$ 4.68
Receivables	15.64	14.06	15.24
Inventories	5.54	5.07	4.77
Marketable securities	1.21	1.15	0.41
Other current assets	1.06	2.29	1.07
	27.13	28.35	26.17
Plant Investment:			
Land and building	7.19	5.26	4.93
Machinery and equipment	33.88	34.27	32.54
Other fixed assets	4.18	4.09	4.37
	45.25	43.62	41.84
Non-Current Assets	2.63	2.90	1.83
TOTAL INVESTMENT	75.01	74.87	69.84
INVESTMENT TURNOVER PER $100 OF SALES	133.32%	133.56%	143.18%
EARNINGS			
Cost of Product	$74.66	$75.80	$76.75
Selling Expenses	9.51	7.44	8.17
Administrative Expenses	10.84	13.02	10.67
	95.01	96.26	95.59
Income Before Interest, Other Income (Expense), and Taxes	4.99	3.74	4.41
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.65%	5.00%	6.31%

SOUTHEAST ATLANTIC	EAST NORTH CENTRAL	SOUTH CENTRAL	CHICAGO AREA	WEST NORTH CENTRAL	PLAINS AND MOUNTAIN STATES	PACIFIC SOUTHWEST	PACIFIC NORTHWEST	CANADA
$ 3.10	$ 4.39	$ 3.12	$ 3.12	$ 3.86	$ 4.75	$ 3.95	$ 3.49	$ 0.52
15.82	16.17	15.79	15.32	15.04	14.77	14.56	14.86	18.88
5.04	5.71	6.39	7.27	5.51	4.25	3.12	4.48	6.01
0.61	0.17	0.68	0.86	0.25	0.63	0.36	0.37	0.79
0.87	0.79	1.65	1.05	1.03	2.64	2.65	1.41	1.08
25.44	27.23	27.63	27.62	25.69	27.04	24.64	24.61	27.28
6.23	6.33	7.72	6.89	5.58	5.56	2.50	3.16	5.11
36.81	32.11	33.51	32.63	32.09	34.38	27.49	31.64	32.74
4.33	3.92	3.89	4.35	4.06	4.01	3.96	3.60	3.34
47.37	42.36	45.12	43.87	41.73	43.95	33.95	38.40	41.19
1.70	2.77	2.54	2.63	3.07	2.65	1.14	2.00	1.25
74.51	72.36	75.29	74.12	70.49	73.64	59.73	65.01	69.72
134.21%	138.20%	132.82%	134.92%	141.86%	135.80%	167.42%	153.82%	143.43%
$75.78	$76.08	$77.12	$75.51	$75.79	$75.79	$73.35	$74.49	$75.05
8.90	8.41	9.31	9.70	9.20	8.51	9.16	8.63	9.50
10.42	10.29	9.98	10.44	11.81	12.51	12.14	12.72	9.16
95.10	94.78	96.41	95.65	96.80	96.81	94.65	95.84	93.71
4.90	5.22	3.59	4.35	3.20	3.19	5.35	4.16	6.29
6.58%	7.21%	4.77%	5.87%	4.54%	4.33%	8.96%	6.40%	9.02%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	627	$ 2,083,000	$ 3,882,000	$ 156,000
TOTAL - PROFIT LEADERS*	98	2,584,000	4,514,000	551,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	11	50,000	170,000	(1,000
$250,000-$500,000	39	172,000	379,000	14,000
$500,000-$1,500,000	170	404,000	938,000	27,000
$1,500,000-$5,000,000	260	1,544,000	2,943,000	87,000
$5,000,000-$10,000,000	102	3,668,000	6,754,000	235,000
Over $10,000,000	45	10,093,000	17,867,000	1,030,000
PROFIT LEADERS				
$250,000-$500,000	10	187,000	390,000	50,000
$500,000-$1,500,000	26	415,000	967,000	119,000
$1,500,000-$5,000,000	34	1,930,000	2,935,000	313,000
$5,000,000-$10,000,000	15	3,511,000	6,504,000	807,000
Over $10,000,000	12	10,179,000	17,982,000	2,304,000
BY GEOGRAPHIC REGIONS				
ALL FIRMS				
New England and Up-State New York	59	2,479,000	4,621,000	193,000
Metropolitan New York and New Jersey	13	3,178,000	6,290,000	76,000
Eastern Penna., Maryland and D.C.	47	2,665,000	5,219,000	349,000
Southeast Atlantic	73	2,123,000	3,768,000	181,000
East North Central	29	3,338,000	6,080,000	356,000
South Central	61	2,743,000	4,906,000	140,000
Chicago Area	41	3,090,000	5,399,000	212,000
West North Central	43	1,407,000	2,785,000	78,000
Plains and Mountain States	74	1,639,000	2,941,000	66,000
Pacific Southwest	58	1,097,000	2,442,000	83,000
Pacific Northwest	58	1,318,000	2,724,000	71,000
Canada	71	1,764,000	3,175,000	159,000
PROFIT LEADERS				
New England and Up-State New York	9	2,878,000	4,738,000	505,000
Metropolitan New York and New Jersey	2	2,512,000	2,382,000	281,000
Eastern Penna., Maryland and D.C.	6	9,502,000	15,962,000	2,343,000
Southeast Atlantic	13	3,472,000	6,349,000	777,000
East North Central	4	3,927,000	6,681,000	739,000
South Central	6	4,044,000	6,736,000	843,000
Chicago Area	6	2,372,000	4,767,000	443,000
West North Central	3	3,229,000	3,632,000	362,000
Plains and Mountain States	11	1,563,000	3,030,000	356,000
Pacific Southwest	10	918,000	1,742,000	201,000
Pacific Northwest	8	1,123,000	2,104,000	228,000
Canada	20	1,045,000	2,123,000	260,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 43.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	% of Sales PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

1986
Financial
Ratio
Study

Web Offset Printers
Heatset

Volume VI

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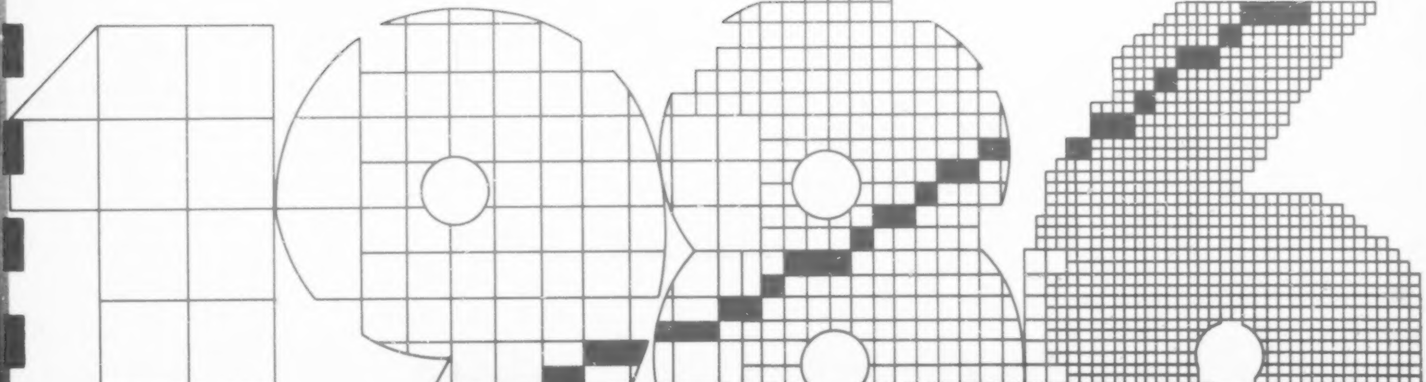

63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

HEATSET WEB OFFSET

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Member Programs Group
PRINTING INDUSTRIES OF AMERICA, INC.

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Arlington, Virginia 22209

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Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 41 Non-Heatset Web Offset Printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $1.5 million, sales from $1.5 to $5 million, etc.; and by product specialty - for example, Commercial and Advertising, Newspaper, etc. Readers can compare their firm's operations with other firms having the same sales volume or product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

Table of Contents

Page Number

FOREWORD 2

VALUE ADDED—WHAT IT MEANS TO YOU 4–5

CHAPTER 1—BY SIZE OF FIRM 6–19
  Report on Operations - Value Added = 100% 6–7
  Supporting Schedules - Value Added = 100% 8–9
  Report on Operations - Sales = 100% 10–11
  Supporting Schedules - Sales = 100% 10–13
  Balance Sheet 14–15
  Significant Facts 16–17
  Return on Investment - Per $100 of Sales 18–19

CHAPTER 2—BY PRODUCT SPECIALTY 20–27
  Report on Operations - Value Added = 100% 20
  Supporting Schedules - Value Added = 100% 21
  Report on Operations - Sales = 100% 22
  Supporting Schedules - Sales = 100% 22–23
  Balance Sheet 24
  Significant Facts 25
  Return on Investment - Per $100 of Sales 26

CHAPTER 3—BY PERCENTAGE OF PAPER SUPPLIED 27–40
  Report on Operations - Value Added = 100% 27–28
  Supporting Schedules - Value Added = 100% 29–30
  Report on Operations - Sales = 100% 31–32
  Supporting Schedules - Sales = 100% 31–34
  Balance Sheet 35–36
  Significant Facts 37–38
  Return on Investment - Per $100 of Sales 39–40

ABSOLUTE DATA 41–42

Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

In case you are not acquainted with Web Offset Section activities, we have a very active group. WOS produces a variety of reports dealing with heatset web offset printing. Two of the most widely used of these publications are the *Heatset Web Offset Directory*, listing most heatset web offset plants in the United States and Canada, and its companion volume, the *Web Offset Product Catalog*, which describes the primary products printed by the companies listed in the Directory.

Over 1,400 people attend our Annual Web Offset Conference each year, where they hear discussions and exchange information on the technology and problems unique to web offset production. Transcriptions of these sessions are also published by the Section in the form of the *Web Offset Proceedings*, and are available for the use of industry firms.

Our next annual meeting will be held May 18–20, 1987, at the Royal York Hotel, Toronto, Ontario. Additional information about our meeting and publications is available from the Web Offset Section.

Edward W. Hill, Jr.
Executive Director
Web Offset Section

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	45.30	40.01	38.77
FACTORY EXPENSES	24.47	22.61	28.01
TOTAL FACTORY COST OF PRODUCT	69.77	62.62	66.78
GROSS PROFIT	30.23	37.38	33.22
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	10.46	8.97	14.08
Selling expenses	9.38	6.25	7.87
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	19.84	15.22	21.95
INCOME BEFORE INTEREST EXPENSE	10.39	22.16	11.27
Interest expense	3.82	2.56	6.60
OPERATING INCOME	6.57	19.60	4.67
Other income	1.35	2.11	0.78
INCOME BEFORE INCOME TAXES	7.92	21.71	5.45

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* See page 10 for the definition of "Profit Leaders."

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
44.43	47.92	44.69	45.16	40.26
25.13	23.13	20.56	24.46	23.19
69.56	71.05	65.25	69.62	63.45
30.44	28.95	34.75	30.38	36.55
12.58	11.38	9.07	8.98	8.37
10.11	11.11	3.18	8.56	6.03
22.69	22.49	12.25	17.54	14.40
7.75	6.46	22.50	12.84	22.15
3.38	4.04	0.59	3.57	2.11
4.37	2.42	21.91	9.27	20.04
1.04	1.33	0.54	1.52	2.01
5.41	3.75	22.45	10.79	22.05

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.84%	2.38%	3.00%
Direct wages	27.74	24.19	23.57
General factory salaries and wages	4.74	4.74	2.94
Packing, shipping and delivery wages	1.76	1.41	3.02
Payroll taxes	3.01	2.57	3.37
Employee benefits	5.21	4.72	2.87
TOTAL FACTORY PAYROLL	45.30	40.01	38.77
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.46	0.32	0.23
Depreciation - other	6.75	6.42	7.83
Taxes - real estate	0.40	0.31	0.63
Taxes - other	0.47	0.26	0.08
Insurance	0.49	0.33	0.95
Building rent	1.08	1.18	2.64
Utilities - heat, light, etc.	3.11	2.77	2.50
Equipment rental	0.87	0.53	0.44
Total Fixed Expenses	13.63	12.12	15.30
Other Expenses			
Factory supplies and expense	4.18	4.11	2.50
Packing, shipping and delivery expense	1.97	1.76	6.27
Repairs and maintenance	2.92	2.73	2.56
Other factory expenses	1.77	1.89	1.38
Total Other Expenses	10.84	10.49	12.71
TOTAL FACTORY EXPENSES	24.47	22.61	28.01
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.16	1.99	1.99
Salaries - office	2.27	1.51	3.31
Payroll taxes	0.32	0.24	0.68
Employee benefits	0.64	0.61	0.36
Bad debts	1.15	0.86	3.16
Office supplies and expenses	0.49	0.46	0.61
Professional fees	0.74	0.55	0.86
Taxes - business	0.06	0.06	0.15
Telephone	0.45	0.31	0.72
Other administrative expenses	2.18	2.38	2.24
TOTAL ADMINISTRATIVE EXPENSES	10.46	8.97	14.08
SELLING EXPENSES			
Salaries - executive	0.80	0.54	0.61
Salaries and commissions - salesmen	4.30	2.60	4.06
Salaries - sales office clerical	1.18	0.78	0.31
Payroll taxes	0.30	0.17	0.26
Employee benefits	0.47	0.27	0.27
Advertising	0.36	0.25	0.36
Travel and entertainment	0.95	0.49	1.65
Other selling expenses	1.02	1.15	0.35
TOTAL SELLING EXPENSES	9.38	6.25	7.87

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.74%	2.76%	2.82%	2.90%	2.42%
29.17	29.47	29.89	27.00	23.56
2.97	5.00	3.86	5.38	5.13
2.00	1.32	1.01	1.73	1.54
3.47	3.24	3.03	2.72	2.48
4.08	6.13	4.08	5.43	5.13
44.43	47.92	44.69	45.16	40.26
0.46	0.41	0.13	0.51	0.38
7.72	5.61	4.74	6.80	6.77
0.32	0.34	0.12	0.43	0.36
0.52	0.72	0.61	0.40	0.18
0.44	0.55	0.36	0.42	0.33
1.05	1.54	4.84	0.72	0.62
3.26	2.95	1.95	3.20	3.05
0.44	1.61	0.56	0.74	0.43
14.21	13.73	13.31	13.22	12.12
4.55	3.32	0.49	4.63	4.70
1.62	1.13	0.26	1.98	2.10
3.57	2.60	2.71	2.88	2.69
1.18	2.35	3.79	1.75	1.58
10.92	9.40	7.25	11.24	11.07
25.13	23.13	20.56	24.46	23.19
3.01	2.48	3.01	1.77	1.78
2.89	2.41	0.82	1.91	1.61
0.43	0.33	0.15	0.24	0.22
0.72	0.81	0.51	0.56	0.66
1.74	1.22	1.80	0.71	0.33
0.70	0.46	0.18	0.43	0.52
0.62	1.02	1.40	0.64	0.39
0.07	0.07	0.09	0.04	0.03
0.51	0.58	0.28	0.33	0.33
1.89	2.00	0.83	2.35	2.50
12.58	11.38	9.07	8.98	8.37
0.68	1.05	0.26	0.76	0.54
5.19	5.10	2.00	3.68	2.28
0.79	1.50	0.10	1.27	0.85
0.38	0.38	0.10	0.25	0.13
0.35	0.80	0.20	0.38	0.28
0.47	0.39	0.12	0.31	0.12
1.14	1.02	0.32	0.78	0.50
1.11	0.87	0.08	1.13	1.33
10.11	11.11	3.18	8.56	6.03

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	35.02	32.43	33.29
Other chargeable materials	6.84	7.10	6.27
Outside services	5.23	7.39	4.64
TOTAL MATERIALS	47.09	46.92	44.20
FACTORY PAYROLL	24.07	21.36	21.85
FACTORY EXPENSES	12.91	12.09	15.44
TOTAL FACTORY COST OF PRODUCT	84.07	80.37	81.49
GROSS PROFIT	15.93	19.63	18.51
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	5.53	4.71	7.75
Selling expenses	4.97	3.32	4.63
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.50	8.03	12.38
INCOME BEFORE INTEREST EXPENSE	5.43	11.60	6.13
Interest expense	2.00	1.34	3.57
OPERATING INCOME	3.43	10.26	2.56
Other income	0.72	1.12	0.42
INCOME BEFORE INCOME TAXES	4.15	11.38	2.98

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	4.07%	4.90%	2.78%
Film	0.63	0.45	1.09
Plates	0.79	0.62	1.22
Other chargeable materials	1.35	1.13	1.18
TOTAL OTHER CHARGEABLE MATERIALS	6.84	7.10	6.27
OUTSIDE SERVICES			
Composition	0.26	0.17	0.93
Offset preparation	1.15	0.67	2.96
Printing	1.59	3.77	0.18
Binding	1.30	1.73	0.45
Other outside services	0.93	1.05	0.12
TOTAL OUTSIDE SERVICES	5.23	7.39	4.64

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
34.95	32.97	33.94	36.12	32.01
6.05	5.74	6.17	7.64	7.38
4.36	5.85	12.88	5.31	6.76
45.36	44.56	52.99	49.07	46.15
24.33	26.73	21.26	23.07	21.87
13.60	12.93	9.98	12.41	12.53
83.29	84.22	84.23	84.55	80.55
16.71	15.78	15.77	15.45	19.45
6.84	6.20	4.10	4.57	4.46
5.51	6.18	1.41	4.31	3.22
12.35	12.38	5.51	8.88	7.68
4.36	3.40	10.26	6.57	11.77
1.85	2.24	0.25	1.78	1.08
2.51	1.16	10.01	4.79	10.69
0.58	0.79	0.24	0.78	1.08
3.09	1.95	10.25	5.57	11.77

2.96%	2.70%	1.79%	5.13%	5.61%
0.86	0.63	0.38	0.51	0.47
0.82	0.98	0.37	0.67	0.67
1.41	1.43	3.63	1.33	0.63
6.05	5.74	6.17	7.64	7.38
0.34	0.26	0.41	0.15	0.15
1.45	1.14	1.40	0.82	0.62
0.70	1.12	2.71	2.31	4.13
0.94	2.22	5.32	1.10	1.01
0.93	1.11	3.04	0.93	0.85
4.36	5.85	12.88	5.31	6.76

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.51%	1.23%	1.67%
Direct wages	14.71	12.83	13.43
General factory salaries and wages	2.52	2.59	1.68
Packing, shipping and delivery wages	0.92	0.71	1.60
Payroll taxes	1.62	1.41	1.86
Employee benefits	2.79	2.59	1.61
TOTAL FACTORY PAYROLL	24.07	21.36	21.85
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.24	0.17	0.12
Depreciation - other	3.54	3.37	4.35
Taxes - real estate	0.21	0.16	0.36
Taxes - other	0.25	0.13	0.04
Insurance	0.25	0.17	0.54
Building rent	0.56	0.63	1.47
Utilities - heat, light, etc.	1.64	1.45	1.39
Equipment rental	0.47	0.29	0.23
Total Fixed Expenses	7.16	6.37	8.50
Other Expenses			
Factory supplies and expense	2.23	2.23	1.43
Packing, shipping and delivery expense	1.03	1.01	3.26
Repairs and maintenance	1.53	1.36	1.48
Other factory expenses	0.96	1.12	0.77
Total Other Expenses	5.75	5.72	6.94
TOTAL FACTORY EXPENSES	12.91	12.09	15.44
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.15	1.03	1.13
Salaries - office	1.21	0.82	1.74
Payroll taxes	0.17	0.13	0.36
Employee benefits	0.34	0.33	0.20
Bad debts	0.60	0.45	1.79
Office supplies and expenses	0.26	0.23	0.35
Professional fees	0.39	0.28	0.49
Taxes - business	0.03	0.03	0.08
Telephone	0.24	0.16	0.40
Other administrative expenses	1.14	1.25	1.21
TOTAL ADMINISTRATIVE EXPENSES	5.53	4.71	7.75
SELLING EXPENSES			
Salaries - executive	0.42	0.29	0.35
Salaries and commissions - salesmen	2.27	1.34	2.45
Salaries - sales office clerical	0.63	0.41	0.20
Payroll taxes	0.16	0.09	0.15
Employee benefits	0.25	0.14	0.16
Advertising	0.19	0.13	0.20
Travel and entertainment	0.50	0.25	0.91
Other selling expenses	0.55	0.67	0.21
TOTAL SELLING EXPENSES	4.97	3.32	4.63

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.52%	1.52%	1.33%	1.48%	1.27%
15.95	16.38	14.28	13.74	12.70
1.60	2.85	1.79	2.76	2.86
1.10	0.72	0.43	0.87	0.79
1.91	1.81	1.45	1.42	1.40
2.25	3.45	1.98	2.80	2.85
24.33	26.73	21.26	23.07	21.87
0.24	0.24	0.05	0.26	0.20
4.17	3.12	2.27	3.41	3.58
0.18	0.20	0.05	0.21	0.19
0.28	0.40	0.30	0.20	0.09
0.24	0.30	0.15	0.21	0.17
0.56	0.80	2.51	0.36	0.34
1.78	1.64	0.92	1.63	1.61
0.23	0.90	0.24	0.38	0.25
7.68	7.60	6.49	6.66	6.43
2.48	1.90	0.22	2.37	2.55
0.85	0.65	0.11	1.02	1.21
1.94	1.47	1.26	1.42	1.34
0.65	1.31	1.90	0.94	1.00
5.92	5.33	3.49	5.75	6.10
13.60	12.93	9.98	12.41	12.53
1.61	1.37	1.33	0.90	0.96
1.57	1.32	0.36	0.98	0.89
0.23	0.18	0.06	0.12	0.12
0.40	0.45	0.22	0.29	0.37
0.95	0.64	0.89	0.35	0.16
0.39	0.26	0.08	0.21	0.26
0.34	0.56	0.64	0.31	0.20
0.04	0.04	0.04	0.02	0.02
0.28	0.32	0.12	0.17	0.17
1.03	1.06	0.36	1.22	1.31
6.84	6.20	4.10	4.57	4.46
0.36	0.58	0.14	0.38	0.29
2.83	2.83	0.84	1.80	1.17
0.44	0.84	0.05	0.65	0.45
0.21	0.21	0.05	0.13	0.07
0.19	0.45	0.09	0.20	0.15
0.25	0.22	0.06	0.16	0.06
0.61	0.57	0.14	0.39	0.26
0.62	0.48	0.04	0.60	0.77
5.51	6.18	1.41	4.31	3.22

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	3.64%	3.35%	3.01%
Receivables	28.97	25.92	38.86
Inventories	15.26	14.64	12.71
Other current assets	3.77	7.56	3.43
TOTAL CURRENT ASSETS	51.64	51.47	58.01
FIXED ASSETS			
Real estate	12.16	9.53	3.22
Less: Accumulated depreciation	3.96	2.23	0.47
	8.20	7.30	2.75
Machinery and equipment	70.57	61.98	79.76
Less: Accumulated depreciation	35.55	27.96	40.94
	35.02	34.02	38.82
Other fixed assets	3.31	2.19	0.78
Less: Accumulated depreciation	1.68	0.96	0.46
	1.63	1.23	0.32
NET FIXED ASSETS	44.85	42.55	41.89
OTHER ASSETS	3.51	5.98	0.10
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.60	4.58	13.39
Accounts payable	13.45	13.54	10.77
Other current liabilities	7.29	6.58	4.39
TOTAL CURRENT LIABILITIES	31.34	24.70	28.55
LONG-TERM LIABILITIES	27.16	23.70	36.93
TOTAL LIABILITIES	58.50	48.40	65.48
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.50	51.60	34.52
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.65	2.08	2.03
QUICK RATIO	1.16	1.49	1.59
TOTAL LIABILITIES TO EQUITY	1.41	0.94	1.90
LONG-TERM LIABILITIES TO EQUITY	0.65	0.46	1.07
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.45	0.51

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
9.31%	1.75%	7.41%	2.69%	2.84%
28.51	28.88	25.70	28.10	25.70
16.83	18.80	43.24	13.49	10.12
3.81	3.73	1.83	3.81	8.69
58.46	53.16	78.18	48.09	47.35
14.49	12.44	15.15	12.25	8.38
5.94	3.59	1.77	3.86	2.26
8.55	8.85	3.38	8.39	6.12
79.47	62.77	29.63	70.06	69.57
53.08	30.30	12.53	31.55	31.01
26.39	32.47	17.10	38.51	38.56
4.50	4.87	2.55	2.53	1.95
2.33	2.64	1.87	1.20	0.77
2.17	2.23	0.68	1.33	1.18
37.11	43.55	21.16	48.23	45.86
4.43	3.29	0.66	3.68	6.79
100.00	100.00	100.00	100.00	100.00
10.65	18.08	1.72	7.05	2.55
12.91	14.99	26.97	13.23	11.12
6.88	8.23	7.06	7.34	6.57
30.44	41.30	35.75	27.62	20.24
29.19	25.11	12.00	26.34	24.04
59.63	66.41	47.75	53.96	44.28
40.37	33.59	52.25	46.04	55.72
100.00	100.00	100.00	100.00	100.00
1.92	1.29	2.19	1.74	2.34
1.37	0.83	0.98	1.25	1.84
1.48	1.98	0.91	1.17	0.79
0.72	0.75	0.23	0.57	0.43
0.67	0.48	0.42	0.45	0.45

CHAPTER 1 - BY SIZE OF FIRM

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 64,434	$ 78,072	$ 52,541
Average assets per factory employee (Excluding Executives)	80,005	93,256	66,072
Average net worth per employee - All employees	27,001	40,371	14,141
Average gross plant investment per factory employee (Excluding Executives)	66,530	68,706	55,641
Net worth percentage of fixed assets	110.34%	148.77%	121.12%
EMPLOYEES			
Percent factory - All employees	84.74%	88.70%	84.12%
Percent administrative - All employees	7.99	6.69	10.96
Percent sales - All employees	7.27	4.61	4.92
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 109,452	$ 126,998	$ 85,201
Sales per factory employee	130,573	146,037	101,309
Sales less material per factory employee	67,037	72,801	56,240
Sales per administrative employee	1,746,653	2,594,122	1,673,434
EXCLUDING EXECUTIVES			
Sales per employee - All employees	116,796	134,484	92,469
Sales per factory employee	137,151	152,091	107,950
Sales less material per factory employee	70,449	75,756	59,889
SALES PER SALESMAN	2,373,954	4,180,588	1,212,413
SALES TO CURRENT ASSETS	374%	344%	340%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	30.66%	25.95%	28.60%
Factory payroll percentage of gross plant investment	55.00	50.33	50.95
Payroll per employee - All employees	$ 32,096	$ 30,723	$ 23,855
Payroll per factory employee	29,802	28,462	21,802
Payroll per administrative employee	38,364	46,435	24,776
Payroll per sales employee	57,886	61,649	39,273
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 24,940	$ 23,627	$ 18,674
Payroll per factory employee	23,619	22,521	17,300
Payroll per administrative employee	19,261	18,594	15,570
Payroll per sales employee	48,434	47,674	32,787
EXECUTIVE PAYROLL			
Payroll per executive - All executives	57,461	60,998	52,628
Payroll per factory executive	44,286	45,843	48,189
Payroll per administrative executive	77,917	96,667	48,041
Payroll per sales executive	60,371	63,745	40,761
RECEIVABLES			
Collection period	61.1	60.0	76.8
PROFIT			
Gross profit percentage of sales	15.93%	19.63%	18.51%
Average gross profit per factory employee	$ 22,110	$ 29,241	$ 19,599
Income before taxes percentage of sales	4.15%	11.38%	2.98%
Average income before taxes per employee	$ 4,852	$ 13,930	$ 2,480

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 50,625	$ 55,354	$ 54,186	$ 74,125	$ 83,038
64,097	70,031	59,293	90,983	99,915
18,952	19,194	27,670	34,378	45,806
57,505	56,723	20,752	74,876	77,553
130.52%	103.42%	355.95%	105.63%	126.49%
82.17%	83.41%	93.73%	86.22%	88.28%
10.36	7.91	4.36	6.93	6.82
7.47	8.68	1.91	6.85	4.90
$ 90,618	$ 99,994	$ 87,995	$ 122,271	$ 136,329
111,271	121,376	95,150	143,974	157,425
60,922	66,392	43,511	70,467	78,581
1,004,298	1,710,263	4,571,835	2,011,070	2,401,433
97,796	107,048	92,760	129,803	144,254
117,415	127,573	99,044	150,851	164,097
64,372	69,733	45,263	73,871	81,844
1,013,499	1,283,240	1,898,369	3,461,777	4,795,478
368%	388%	264%	374%	362%
32.18%	34.96%	24.40%	28.53%	26.35%
54.89	73.70	95.12	47.38	44.55
$ 29,019	$ 34,558	$ 20,923	$ 32,920	$ 33,030
26,844	31,501	19,013	30,892	30,977
34,422	43,731	51,003	38,790	47,370
54,462	57,902	52,208	61,002	61,061
$ 22,799	$ 26,120	$ 15,975	$ 25,801	$ 25,313
21,585	24,412	15,440	24,619	24,362
18,551	19,928	14,583	19,603	19,504
49,274	46,534	39,258	50,674	46,101
45,379	66,740	50,165	57,890	65,343
34,267	52,078	32,674	43,744	49,887
57,382	89,910	99,409	82,621	101,929
25,794	65,400	21,049	71,530	71,654
55.6	57.6	52.8	62.7	59.4
16.71%	15.78%	15.77%	15.45%	19.45%
$ 20,118	$ 20,409	$ 16,784	$ 23,763	$ 30,963
3.09%	1.95%	10.25%	5.57%	11.77%
$ 2,934	$ 1,553	$ 9,434	$ 7,158	$ 15,144

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $1.5 TO $5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 2.73	$ 2.04	$ 1.33
Receivables	16.11	15.84	20.61
Inventories	9.01	10.90	6.84
Marketable securities	0.87	1.77	1.25
Other current assets	1.47	3.60	0.53
	30.19	34.15	30.56
Plant Investment:			
Land and building	7.27	6.04	3.07
Machinery and equipment	40.67	38.32	45.59
Other fixed assets	1.78	1.42	0.45
	49.72	45.78	49.11
Non-Current Assets	2.23	3.80	0.10
TOTAL INVESTMENT	82.14	83.73	79.77
INVESTMENT TURNOVER PER $100 OF SALES	121.74%	119.43%	125.36%
EARNINGS			
Cost of Product	$84.07	$80.37	$81.49
Selling Expenses	4.97	3.32	4.63
Administrative Expenses	5.53	4.71	7.75
	94.57	88.40	93.87
Income Before Interest, Other Income, and Taxes	5.43	11.60	6.13
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.61%	13.85%	7.68%

** Sample insufficient for Profit Leaders.

SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 8.74	$ 1.35	$ 3.68	$ 1.53	$ 1.86
14.37	15.14	13.36	16.59	15.87
8.85	12.15	40.56	7.93	6.17
0.48	1.24	0.00	0.80	2.21
1.60	0.92	0.66	1.77	4.06
34.04	30.80	58.26	28.62	30.17
7.92	7.53	1.85	7.40	5.33
40.91	35.38	18.87	42.37	42.64
2.50	2.29	1.76	1.46	1.23
51.33	45.20	22.48	51.23	49.20
2.26	2.20	0.53	2.46	4.26
87.63	78.20	81.27	82.31	83.63
114.12%	127.88%	123.05%	121.49%	119.57%
$83.29	$84.22	$84.23	$84.55	$80.55
5.51	6.18	1.41	4.31	3.22
6.84	6.20	4.10	4.57	4.46
95.64	96.60	89.74	93.43	88.23
4.36	3.40	10.26	6.57	11.77
4.98%	4.35%	12.62%	7.98%	14.07%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.50	37.85	45.91	40.68
FACTORY EXPENSES	25.00	21.32	24.35	23.23
TOTAL FACTORY COST OF PRODUCT	69.50	59.17	70.26	63.91
GROSS PROFIT	30.50	40.83	29.74	36.09
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.58	8.94	10.10	8.78
Selling expenses	9.83	6.61	8.64	6.20
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.41	15.55	18.74	14.98
INCOME BEFORE INTEREST EXPENSE	10.09	25.28	11.00	21.11
Interest expense	4.21	1.89	3.80	3.40
OPERATING INCOME	5.88	23.39	7.20	17.71
Other income	1.12	2.23	1.67	2.61
INCOME BEFORE INCOME TAXES	7.00	25.62	8.87	20.32

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.86%	2.33%	2.95%	2.37%
Direct wages	27.77	23.68	27.39	24.27
General factory salaries and wages	4.11	4.50	5.86	5.31
Packing, shipping and delivery wages	1.98	1.65	1.32	0.67
Payroll taxes	2.82	1.88	3.15	2.91
Employee benefits	4.96	3.81	5.24	5.15
TOTAL FACTORY PAYROLL	44.50	37.85	45.91	40.68
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.46	0.35	0.48	0.38
Depreciation - other	7.19	6.50	6.41	6.72
Taxes - real estate	0.43	0.44	0.35	0.21
Taxes - other	0.45	0.20	0.43	0.23
Insurance	0.56	0.42	0.44	0.36
Building rent	1.16	0.74	0.64	0.42
Utilities - heat, light, etc.	3.10	3.16	3.19	2.53
Equipment rental	0.71	0.40	1.36	0.73
Total Fixed Expenses	14.06	12.21	13.30	11.58
Other Expenses				
Factory supplies and expense	3.93	4.01	4.59	4.67
Packing, shipping and delivery expense	2.40	0.99	1.58	2.44
Repairs and maintenance	3.31	4.10	2.43	1.99
Other factory expenses	1.30	0.01	2.45	2.55
Total Other Expenses	10.94	9.11	11.05	11.65
TOTAL FACTORY EXPENSES	25.00	21.32	24.35	23.23
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.49	2.90	1.57	1.63
Salaries - office	2.46	1.46	2.06	1.49
Payroll taxes	0.35	0.16	0.29	0.28
Employee benefits	0.58	0.71	0.69	0.64
Bad debts	0.77	0.75	1.70	0.82
Office supplies and expenses	0.54	0.47	0.49	0.52
Professional fees	0.78	0.81	0.53	0.38
Taxes - business	0.05	0.03	0.06	0.09
Telephone	0.52	0.42	0.37	0.27
Other administrative expenses	2.04	1.23	2.34	2.66
TOTAL ADMINISTRATIVE EXPENSES	10.58	8.94	10.10	8.78
SELLING EXPENSES				
Salaries - executive	0.85	0.59	0.71	0.58
Salaries and commissions - salesmen	5.14	3.08	2.98	1.72
Salaries - sales office clerical	0.94	0.77	1.38	0.95
Payroll taxes	0.31	0.14	0.31	0.23
Employee benefits	0.42	0.22	0.57	0.35
Advertising	0.31	0.21	0.36	0.32
Travel and entertainment	0.98	0.64	0.99	0.51
Other selling expenses	0.88	0.96	1.34	1.54
TOTAL SELLING EXPENSES	9.83	6.61	8.64	6.20

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	37.04	41.42	32.89	27.56
Other chargeable materials	6.88	7.83	7.49	7.15
Outside services	5.40	8.49	4.68	6.03
TOTAL MATERIALS	49.32	57.74	45.06	40.74
FACTORY PAYROLL	22.76	15.93	25.09	24.26
FACTORY EXPENSES	12.59	9.08	13.45	13.79
TOTAL FACTORY COST OF PRODUCT	84.67	82.75	83.60	78.79
GROSS PROFIT	15.33	17.25	16.40	21.21
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.40	3.87	5.46	5.01
Selling expenses	5.07	2.79	4.64	3.67
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.47	6.66	10.10	8.68
INCOME BEFORE INTEREST EXPENSE	4.86	10.59	6.30	12.53
Interest expense	2.14	0.81	2.05	1.88
OPERATING INCOME	2.72	9.78	4.25	10.65
Other income	0.56	1.01	0.91	1.51
INCOME BEFORE INCOME TAXES	3.28	10.79	5.16	12.16

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	4.36%	5.92%	4.11%	4.93%
Film	0.61	0.09	0.76	0.85
Plates	0.71	0.39	0.93	0.87
Other chargeable materials	1.20	1.43	1.69	0.50
TOTAL OTHER CHARGEABLE MATERIALS	6.88	7.83	7.49	7.15
OUTSIDE SERVICES				
Composition	0.39	0.47	0.16	0.03
Offset preparation	1.33	0.66	0.89	0.46
Printing	1.25	4.74	1.81	3.94
Binding	1.48	1.89	1.15	0.79
Other outside services	0.95	0.73	0.67	0.81
TOTAL OUTSIDE SERVICES	5.40	8.49	4.68	6.03

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.46%	0.99%	1.62%	1.34%
Direct wages	14.21	9.91	14.91	14.47
General factory salaries and wages	2.07	1.87	3.23	3.27
Packing, shipping and delivery wages	1.00	0.69	0.70	0.35
Payroll taxes	1.46	0.82	1.75	1.74
Employee benefits	2.56	1.65	2.88	3.09
TOTAL FACTORY PAYROLL	22.76	15.93	25.09	24.26
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.22	0.15	0.27	0.23
Depreciation - other	3.60	2.69	3.50	3.93
Taxes - real estate	0.22	0.19	0.19	0.13
Taxes - other	0.23	0.08	0.24	0.13
Insurance	0.28	0.18	0.23	0.20
Building rent	0.60	0.35	0.35	0.26
Utilities - heat, light, etc.	1.57	1.34	1.75	1.50
Equipment rental	0.35	0.18	0.77	0.43
Total Fixed Expenses	7.07	5.16	7.30	6.81
Other Expenses				
Factory supplies and expense	1.97	1.70	2.57	2.81
Packing, shipping and delivery expense	1.19	0.42	0.91	1.49
Repairs and maintenance	1.67	1.79	1.31	1.11
Other factory expenses	0.69	0.01	1.36	1.57
Total Other Expenses	5.52	3.92	6.15	6.98
TOTAL FACTORY EXPENSES	12.59	9.08	13.45	13.79
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.27	1.34	0.87	0.95
Salaries - office	1.26	0.61	1.13	0.91
Payroll taxes	0.18	0.07	0.16	0.17
Employee benefits	0.29	0.29	0.38	0.40
Bad debts	0.40	0.31	0.88	0.48
Office supplies and expenses	0.27	0.18	0.27	0.28
Professional fees	0.39	0.35	0.30	0.22
Taxes - business	0.03	0.01	0.04	0.05
Telephone	0.27	0.18	0.20	0.16
Other administrative expenses	1.04	0.53	1.23	1.39
TOTAL ADMINISTRATIVE EXPENSES	5.40	3.87	5.46	5.01
SELLING EXPENSES				
Salaries - executive	0.42	0.26	0.38	0.35
Salaries and commissions - salesmen	2.68	1.26	1.58	0.98
Salaries - sales office clerical	0.48	0.35	0.74	0.54
Payroll taxes	0.16	0.06	0.16	0.13
Employee benefits	0.22	0.10	0.31	0.20
Advertising	0.16	0.08	0.19	0.19
Travel and entertainment	0.50	0.26	0.53	0.30
Other selling expenses	0.45	0.42	0.75	0.98
TOTAL SELLING EXPENSES	5.07	2.79	4.64	3.67

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.18%	2.50%	2.54%	4.34%
Receivables	30.71	31.35	27.55	23.23
Inventories	15.47	13.53	12.87	9.45
Other current assets	2.42	1.40	5.76	13.23
TOTAL CURRENT ASSETS	52.78	48.78	48.72	50.25
FIXED ASSETS				
Real estate	10.64	7.31	13.96	13.29
Less: Accumulated depreciation	3.70	2.36	3.69	2.70
	6.94	4.95	10.27	10.59
Machinery and equipment	71.10	62.09	68.72	65.13
Less: Accumulated depreciation	36.53	24.88	31.78	31.17
	34.57	37.21	36.94	33.96
Other fixed assets	3.45	2.21	2.86	1.98
Less: Accumulated depreciation	1.89	1.08	1.18	0.69
	1.56	1.13	1.68	1.29
NET FIXED ASSETS	43.07	43.29	48.89	45.84
OTHER ASSETS	4.15	7.93	2.39	3.91
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	12.46	1.84	10.03	7.43
Accounts payable	13.48	17.35	12.00	8.03
Other current liabilities	7.50	6.56	7.48	7.45
TOTAL CURRENT LIABILITIES	33.44	25.75	29.51	22.91
LONG-TERM LIABILITIES	29.34	20.64	26.73	30.50
TOTAL LIABILITIES	62.78	46.39	56.24	53.41
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.22	53.61	43.76	46.59
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.58	1.89	1.65	2.19
QUICK RATIO	1.12	1.37	1.21	1.78
TOTAL LIABILITIES TO EQUITY	1.69	0.87	1.29	1.15
LONG-TERM LIABILITIES TO EQUITY	0.79	0.39	0.61	0.65
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.40	0.46	0.48

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 69,029	$ 102,733	$ 58,331	$ 60,486
Average assets per factory employee (Excluding Executives)	86,310	123,297	70,868	69,638
Average net worth per employee - All employees	26,193	53,283	26,335	27,129
Average gross plant investment per factory employee (Excluding Executives)	70,715	89,001	60,467	56,048
Net worth percentage of fixed assets	102.98%	129.64%	93.19%	107.04%
EMPLOYEES				
Percent factory - All employees	83.54%	86.95%	86.79%	90.66%
Percent administrative - All employees	8.81	7.56	7.03	5.71
Percent sales - All employees	7.65	5.49	6.18	3.63
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 118,881	$ 187,294	$ 98,975	$ 92,246
Sales per factory employee	143,303	215,820	114,734	102,100
Sales less material per factory employee	70,759	89,856	61,154	59,197
Sales per administrative employee	1,616,859	2,528,488	1,785,318	2,186,539
EXCLUDING EXECUTIVES				
Sales per employee - All employees	127,173	198,848	105,438	97,438
Sales per factory employee	150,564	224,571	120,869	106,138
Sales less material per factory employee	74,398	93,443	64,431	61,424
SALES PER SALESMAN	1,977,327	2,937,397	3,383,541	5,361,514
SALES TO CURRENT ASSETS	369%	413%	390%	320%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	29.73%	20.25%	30.81%	28.89%
Factory payroll percentage of gross plant investment	53.01	48.80	58.48	46.96
Payroll per employee - All employees	$ 33,573	$ 37,160	$ 29,814	$ 26,011
Payroll per factory employee	30,881	33,957	28,092	24,016
Payroll per administrative employee	38,541	51,791	36,240	43,417
Payroll per sales employee	63,887	71,496	52,571	56,571
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,225	$ 28,967	$ 23,116	$ 19,484
Payroll per factory employee	24,616	27,755	22,328	18,585
Payroll per administrative employee	19,756	19,116	18,196	17,878
Payroll per sales employee	56,165	64,277	39,689	37,215
EXECUTIVE PAYROLL				
Payroll per executive - All executives	61,026	84,710	53,010	49,393
Payroll per factory executive	44,205	59,599	43,598	37,734
Payroll per administrative executive	79,232	132,553	77,030	80,739
Payroll per sales executive	59,542	64,630	68,074	73,865
RECEIVABLES				
Collection period	63.1	61.0	59.0	57.9
PROFIT				
Gross profit percentage of sales	15.33%	17.25%	16.40%	21.21%
Average gross profit per factory employee	$ 23,551	$ 37,603	$ 19,241	$ 22,304
Income before taxes percentage of sales	3.28%	10.79%	5.16%	12.16%
Average income before taxes per employee	$ 4,602	$ 19,674	$ 4,923	$ 10,836

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 3.53	$ 0.93	$ 1.55	$ 2.85
Receivables	16.73	16.25	15.44	15.27
Inventories	8.63	7.03	7.16	6.31
Marketable securities	0.39	0.13	1.08	3.24
Other current assets	0.89	0.55	2.74	6.35
	30.17	24.89	27.97	34.02
Plant Investment:				
Land and building	6.32	3.71	8.60	9.00
Machinery and equipment	40.19	32.80	40.48	42.30
Other fixed assets	1.93	1.12	1.39	1.38
	48.44	37.63	50.47	52.68
Non-Current Assets	2.67	4.84	1.49	2.57
TOTAL INVESTMENT	81.28	67.36	79.93	89.27
INVESTMENT TURNOVER PER $100 OF SALES	123.03%	148.46%	125.11%	112.02%
EARNINGS				
Cost of Product	$84.67	$82.75	$83.60	$78.79
Selling Expenses	5.07	2.79	4.64	3.67
Administrative Expenses	5.40	3.87	5.46	5.01
	95.14	89.41	93.70	87.47
Income Before Interest, Other Income, and Taxes	4.86	10.59	6.30	12.53
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.98%	15.72%	7.88%	14.04%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.58	45.85	48.93	38.16
FACTORY EXPENSES	23.70	21.23	24.85	24.89
TOTAL FACTORY COST OF PRODUCT	67.28	67.08	73.78	63.05
GROSS PROFIT	32.72	32.92	26.22	36.95
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	11.00	6.30	10.40	10.53
Selling expenses	10.11	5.77	9.85	6.67
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	21.11	12.07	20.25	17.20
INCOME BEFORE INTEREST EXPENSE	11.61	20.85	5.97	19.75
Interest expense	3.90	2.89	3.83	1.86
OPERATING INCOME	7.71	17.96	2.14	17.89
Other income	0.91	1.20	1.48	1.29
INCOME BEFORE INCOME TAXES	8.62	19.16	3.62	19.18

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
45.69	35.17	46.82	43.68	43.55
27.38	30.83	26.16	20.83	19.26
73.07	66.00	72.98	64.51	62.81
26.93	34.00	27.02	35.49	37.19
8.23	8.97	10.90	9.63	9.03
10.21	5.68	5.44	7.98	4.59
18.44	14.65	16.34	17.61	13.62
8.49	19.35	10.68	17.88	23.57
3.87	2.83	4.89	2.44	0.81
4.62	16.52	5.79	15.44	22.76
2.07	5.14	1.70	0.56	0.91
6.69	21.66	7.49	16.00	23.67

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.60%	2.30%	4.14%	3.94%
Direct wages	27.85	30.76	26.09	13.98
General factory salaries and wages	4.59	3.02	6.26	7.50
Packing, shipping and delivery wages	1.35	1.18	2.08	3.76
Payroll taxes	2.76	3.22	3.47	2.53
Employee benefits	4.43	5.37	6.89	6.45
TOTAL FACTORY PAYROLL	43.58	45.85	48.93	38.16
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.51	0.54	0.36	0.22
Depreciation - other	6.22	7.01	7.51	5.73
Taxes - real estate	0.33	0.29	0.49	0.40
Taxes - other	0.47	0.32	0.28	0.05
Insurance	0.44	0.42	0.32	0.16
Building rent	1.73	3.32	0.33	0.45
Utilities - heat, light, etc.	2.72	2.69	3.51	2.93
Equipment rental	0.76	0.29	0.71	1.56
Total Fixed Expenses	13.18	14.88	13.51	11.50
Other Expenses				
Factory supplies and expense	4.00	2.83	4.92	8.11
Packing, shipping and delivery expense	2.27	0.55	1.00	1.95
Repairs and maintenance	2.70	2.67	2.83	1.06
Other factory expenses	1.55	0.30	2.59	2.27
Total Other Expenses	10.52	6.35	11.34	13.39
TOTAL FACTORY EXPENSES	23.70	21.23	24.85	24.89
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.48	0.89	1.49	1.65
Salaries - office	2.61	1.20	2.34	2.04
Payroll taxes	0.33	0.16	0.29	0.30
Employee benefits	0.65	0.63	0.78	0.72
Bad debts	0.89	0.98	1.75	0.71
Office supplies and expenses	0.64	0.47	0.36	0.49
Professional fees	0.89	0.55	0.61	0.32
Taxes - business	0.06	0.06	0.02	0.05
Telephone	0.51	0.27	0.41	0.18
Other administrative expenses	1.94	1.09	2.35	4.07
TOTAL ADMINISTRATIVE EXPENSES	11.00	6.30	10.40	10.53
SELLING EXPENSES				
Salaries - executive	1.00	0.49	0.96	0.78
Salaries and commissions - salesmen	4.67	2.24	4.71	4.91
Salaries - sales office clerical	1.38	1.01	1.06	0.18
Payroll taxes	0.34	0.17	0.31	0.06
Employee benefits	0.51	0.29	0.66	0.38
Advertising	0.39	0.24	0.32	0.00
Travel and entertainment	1.06	0.57	1.00	0.36
Other selling expenses	0.76	0.76	0.83	0.00
TOTAL SELLING EXPENSES	10.11	5.77	9.85	6.67

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.49%	2.06%	2.32%	3.23%	1.98%
26.64	21.03	28.09	27.13	30.58
5.54	3.10	5.59	3.76	2.89
2.04	1.00	1.51	1.00	0.68
3.30	2.38	3.35	3.28	3.18
5.68	5.60	5.96	5.28	4.24
45.69	35.17	46.82	43.68	43.55
0.51	0.36	0.71	0.43	0.40
6.86	7.43	5.96	5.48	6.33
0.46	0.33	0.34	0.45	0.28
0.35	0.17	0.72	0.16	0.27
0.41	0.51	0.50	0.33	0.22
1.04	1.19	0.27	0.65	0.81
3.84	2.69	3.42	3.51	3.19
1.33	0.38	1.84	1.24	0.02
14.80	13.06	13.76	12.25	11.52
4.16	3.13	4.64	4.71	4.28
2.30	6.08	2.89	0.95	0.57
3.01	3.68	3.09	2.17	1.98
3.11	4.88	1.78	0.75	0.91
12.58	17.77	12.40	8.58	7.74
27.38	30.83	26.16	20.83	19.26
2.05	3.84	1.67	2.32	1.39
1.95	1.53	2.31	1.28	1.31
0.30	0.32	0.27	0.28	0.19
0.45	0.43	0.75	0.72	0.68
1.08	0.13	1.28	0.34	0.04
0.28	0.31	0.59	0.47	0.57
0.64	0.80	0.47	0.38	0.22
0.03	0.06	0.02	0.02	0.00
0.31	0.39	0.51	0.36	0.18
1.14	1.16	3.03	3.46	4.45
8.23	8.97	10.90	9.63	9.03
0.85	0.93	0.18	0.34	0.12
3.06	0.65	2.79	2.46	0.63
2.41	1.87	0.63	1.48	0.53
0.41	0.20	0.12	0.27	0.11
0.53	0.35	0.22	0.39	0.12
0.41	0.06	0.18	0.23	0.13
1.10	0.32	0.62	0.73	0.27
1.44	1.30	0.70	2.08	2.68
10.21	5.68	5.44	7.98	4.59

REPORT ON OPERATIONS - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	38.28	38.93	36.34	30.54
Other chargeable materials	5.74	6.36	6.87	5.06
Outside services	5.38	8.68	3.52	3.96
TOTAL MATERIALS	49.40	53.97	46.73	39.56
FACTORY PAYROLL	22.07	21.30	25.97	23.11
FACTORY EXPENSES	11.97	9.99	13.32	15.11
TOTAL FACTORY COST OF PRODUCT	83.44	85.26	86.02	77.78
GROSS PROFIT	16.56	14.74	13.98	22.22
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	5.64	2.85	5.51	6.31
Selling expenses	5.21	2.49	5.20	3.99
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	10.85	5.34	10.71	10.30
INCOME BEFORE INTEREST EXPENSE	5.71	9.40	3.27	11.92
Interest expense	1.96	1.31	1.99	1.12
OPERATING INCOME	3.75	8.09	1.28	10.80
Other income	0.46	0.53	0.77	0.80
INCOME BEFORE INCOME TAXES	4.21	8.62	2.05	11.60

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	3.30%	3.70%	3.89%	3.20%
Film	0.75	0.62	0.59	0.55
Plates	0.70	0.55	0.93	0.97
Other chargeable materials	0.99	1.49	1.46	0.34
TOTAL OTHER CHARGEABLE MATERIALS	5.74	6.36	6.87	5.06
OUTSIDE SERVICES				
Composition	0.38	0.23	0.04	0.00
Offset preparation	0.98	1.23	0.65	0.56
Printing	1.38	1.79	0.48	0.19
Binding	1.54	3.32	1.40	1.41
Other outside services	1.10	2.11	0.95	1.80
TOTAL OUTSIDE SERVICES	5.38	8.68	3.52	3.96

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
34.00	30.43	26.82	21.06	17.45
8.01	6.72	7.82	8.25	9.04
5.56	5.61	4.54	8.84	11.84
47.57	42.76	39.18	38.15	38.33
23.75	20.20	28.50	27.22	27.27
14.44	17.85	15.96	12.76	11.69
85.76	80.81	83.64	78.13	77.29
14.24	19.19	16.36	21.87	22.71
4.27	5.02	6.63	5.67	5.05
5.20	3.19	3.30	5.07	3.02
9.47	8.21	9.93	10.74	8.07
4.77	10.98	6.43	11.13	14.64
2.01	1.61	2.97	1.50	0.44
2.76	9.37	3.46	9.63	14.20
1.18	2.95	1.07	0.31	0.49
3.94	12.32	4.53	9.94	14.69

5.32%	4.47%	4.19%	6.39%	7.35%
0.28	0.53	0.62	0.63	0.70
0.75	0.94	0.95	0.57	0.39
1.66	0.78	2.06	0.66	0.60
8.01	6.72	7.82	8.25	9.04
0.35	0.00	0.00	0.11	0.07
1.78	1.51	2.53	0.28	0.08
1.48	2.54	1.18	6.76	10.50
1.22	1.40	0.52	0.41	0.48
0.73	0.16	0.31	1.28	0.71
5.56	5.61	4.54	8.84	11.84

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.33%	1.13%	2.23%	2.41%
Direct wages	14.08	14.29	13.77	8.44
General factory salaries and wages	2.32	1.36	3.32	4.59
Packing, shipping and delivery wages	0.68	0.52	1.13	2.22
Payroll taxes	1.41	1.49	1.87	1.53
Employee benefits	2.25	2.51	3.65	3.92
TOTAL FACTORY PAYROLL	22.07	21.30	25.97	23.11
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.25	0.23	0.19	0.14
Depreciation - other	3.14	3.19	4.01	3.48
Taxes - real estate	0.16	0.12	0.27	0.24
Taxes - other	0.24	0.16	0.15	0.03
Insurance	0.22	0.19	0.17	0.10
Building rent	0.90	1.70	0.16	0.26
Utilities - heat, light, etc.	1.37	1.20	1.87	1.76
Equipment rental	0.38	0.14	0.41	0.96
Total Fixed Expenses	6.66	6.93	7.23	6.97
Other Expenses				
Factory supplies and expense	2.02	1.22	2.67	4.95
Packing, shipping and delivery expense	1.11	0.22	0.53	1.18
Repairs and maintenance	1.36	1.24	1.47	0.63
Other factory expenses	0.82	0.38	1.42	1.38
Total Other Expenses	5.31	3.06	6.09	8.14
TOTAL FACTORY EXPENSES	11.97	9.99	13.32	15.11
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.28	0.42	0.81	1.00
Salaries - office	1.34	0.51	1.23	1.22
Payroll taxes	0.17	0.07	0.16	0.18
Employee benefits	0.33	0.26	0.41	0.44
Bad debts	0.46	0.48	0.90	0.44
Office supplies and expenses	0.33	0.21	0.20	0.30
Professional fees	0.45	0.27	0.32	0.20
Taxes - business	0.03	0.03	0.01	0.03
Telephone	0.27	0.12	0.22	0.11
Other administrative expenses	0.98	0.48	1.25	2.39
TOTAL ADMINISTRATIVE EXPENSES	5.64	2.85	5.51	6.31
SELLING EXPENSES				
Salaries - executive	0.51	0.22	0.50	0.48
Salaries and commissions - salesmen	2.42	0.89	2.50	2.91
Salaries - sales office clerical	0.70	0.46	0.56	0.11
Payroll taxes	0.18	0.08	0.17	0.04
Employee benefits	0.27	0.14	0.35	0.23
Advertising	0.20	0.10	0.16	0.00
Travel and entertainment	0.54	0.25	0.52	0.22
Other selling expenses	0.39	0.35	0.44	0.00
TOTAL SELLING EXPENSES	5.21	2.49	5.20	3.99

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.32%	1.16%	1.43%	1.91%	1.08%
13.89	12.10	17.03	16.99	19.27
2.82	1.79	3.49	2.37	1.86
1.03	0.55	0.91	0.58	0.36
1.72	1.36	2.04	2.05	1.99
2.97	3.24	3.60	3.32	2.71
23.75	20.20	28.50	27.22	27.27
0.26	0.21	0.43	0.27	0.25
3.62	4.35	3.63	3.34	3.82
0.24	0.19	0.20	0.28	0.18
0.18	0.10	0.45	0.09	0.14
0.22	0.29	0.30	0.20	0.13
0.54	0.62	0.16	0.41	0.52
1.97	1.50	2.08	2.14	1.93
0.64	0.20	1.14	0.76	0.01
7.67	7.46	8.39	7.49	6.98
2.12	1.70	2.84	2.92	2.66
1.38	3.71	1.73	0.58	0.33
1.54	1.96	1.88	1.29	1.14
1.73	3.02	1.12	0.48	0.58
6.77	10.39	7.57	5.27	4.71
14.44	17.85	15.96	12.76	11.69
1.06	2.10	1.01	1.40	0.79
1.02	0.88	1.41	0.83	0.87
0.16	0.19	0.17	0.18	0.13
0.24	0.25	0.45	0.48	0.47
0.52	0.06	0.75	0.21	0.03
0.15	0.19	0.37	0.26	0.29
0.34	0.44	0.29	0.23	0.13
0.02	0.04	0.01	0.01	0.00
0.17	0.23	0.32	0.23	0.11
0.59	0.64	1.85	1.84	2.23
4.27	5.02	6.63	5.67	5.05
0.44	0.52	0.11	0.22	0.08
1.54	0.36	1.68	1.52	0.36
1.25	1.07	0.39	0.91	0.33
0.21	0.11	0.07	0.17	0.06
0.27	0.21	0.14	0.24	0.08
0.21	0.03	0.11	0.15	0.09
0.55	0.18	0.38	0.47	0.18
0.73	0.71	0.42	1.39	1.84
5.20	3.19	3.30	5.07	3.02

BALANCE SHEET

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	1.60%	0.37%	1.29%	7.13%
Receivables	30.03	21.02	27.33	24.92
Inventories	20.65	35.44	12.19	8.28
Other current assets	2.59	4.58	1.11	0.42
TOTAL CURRENT ASSETS	54.87	61.41	41.92	40.75
FIXED ASSETS				
Real estate	11.48	8.51	12.15	6.29
Less: Accumulated depreciation	3.53	1.75	3.71	1.25
	7.95	6.76	8.44	5.04
Machinery and equipment	62.95	50.41	84.80	71.27
Less: Accumulated depreciation	33.27	25.99	39.82	29.82
	29.68	24.42	44.98	41.45
Other fixed assets	4.19	0.99	2.49	1.69
Less: Accumulated depreciation	2.15	0.84	1.79	0.62
	2.04	0.15	0.70	1.07
NET FIXED ASSETS	39.67	31.33	54.12	47.56
OTHER ASSETS	5.46	7.26	3.96	11.69
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.18	2.11	18.28	4.36
Accounts payable	16.20	23.07	10.32	7.03
Other current liabilities	6.91	5.11	6.83	4.80
TOTAL CURRENT LIABILITIES	33.29	30.29	35.43	16.19
LONG-TERM LIABILITIES	28.38	21.08	21.29	17.01
TOTAL LIABILITIES	61.67	51.37	56.72	33.20
SHAREHOLDERS' AND PROPRIETORS' EQUITY	38.33	48.63	43.28	66.80
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.65	2.03	1.18	2.52
QUICK RATIO	1.03	0.86	0.84	2.01
TOTAL LIABILITIES TO EQUITY	1.61	1.06	1.31	0.50
LONG-TERM LIABILITIES TO EQUITY	0.74	0.43	0.49	0.25
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.53	0.52	0.47	0.42

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
4.02%	8.12%	2.63%	1.36%	1.40%
28.02	24.09	27.20	25.10	20.58
14.06	11.11	12.33	9.49	7.50
3.20	8.31	2.11	13.12	21.51
49.30	51.63	44.27	49.07	50.99
9.05	5.57	19.25	14.49	9.64
2.55	2.61	4.82	6.11	2.23
6.50	2.96	14.43	8.38	7.41
70.49	72.63	69.62	73.05	70.79
29.13	31.55	32.96	34.28	32.57
41.36	41.08	36.66	38.77	38.22
3.31	4.86	1.74	4.14	1.87
1.33	2.29	0.75	1.82	0.48
1.98	2.57	0.99	2.32	1.39
49.84	46.61	52.08	49.47	47.02
0.86	1.76	3.65	1.46	1.99
100.00	100.00	100.00	100.00	100.00
10.55	4.17	7.49	6.82	2.12
16.08	11.44	12.91	9.55	6.29
8.00	9.59	9.43	7.49	7.25
34.63	25.20	29.83	23.86	15.66
24.63	21.89	37.80	22.34	17.92
59.26	47.09	67.63	46.20	33.58
40.74	52.91	32.37	53.80	66.42
100.00	100.00	100.00	100.00	100.00
1.42	2.05	1.48	2.06	3.26
1.02	1.61	1.07	1.66	2.78
1.45	0.89	2.09	0.86	0.51
0.60	0.41	1.17	0.42	0.27
0.41	0.43	0.47	0.47	0.46

SIGNIFICANT FACTS

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 61,435	$ 97,858	$ 67,816	$ 73,651
Average assets per factory employee (Excluding Executives)	76,551	112,124	86,680	100,700
Average net worth per employee - All employees	25,999	50,963	29,796	54,837
Average gross plant investment per factory employee (Excluding Executives)	59,149	72,323	82,351	78,670
Net worth percentage of fixed assets	123.22%	265.15%	80.29%	141.48%
EMPLOYEES				
Percent factory - All employees	82.94%	91.18%	84.62%	83.54%
Percent administrative - All employees	8.34	4.66	8.05	10.10
Percent sales - All employees	8.72	4.16	7.33	6.36
SALES - VALUE OF PRODUCT PRODUCED				
INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 110,484	$ 140,299	$ 113,295	$ 116,266
Sales per factory employee	134,056	158,514	136,260	149,588
Sales less material per factory employee	66,626	68,213	71,061	89,438
Sales per administrative employee	1,846,369	4,395,241	1,757,010	1,342,272
EXCLUDING EXECUTIVES				
Sales per employee - All employees	117,091	144,570	123,183	124,320
Sales per factory employee	139,415	162,044	146,918	158,727
Sales less material per factory employee	69,401	69,894	76,632	94,918
SALES PER SALESMAN	2,071,412	4,214,774	1,692,258	1,212,500
SALES TO CURRENT ASSETS	369%	256%	427%	395%
PAYROLL - INCLUDING TAXES AND BENEFITS				
INCLUDING EXECUTIVES				
Total payroll percentage of sales	29.27%	24.36%	32.65%	29.71%
Factory payroll percentage of gross plant investment	58.74	56.02	47.12	46.26
Payroll per employee - All employees	$ 31,496	$ 32,186	$ 36,232	$ 34,619
Payroll per factory employee	28,847	30,155	34,320	32,891
Payroll per administrative employee	39,598	46,864	35,970	36,905
Payroll per sales employee	54,954	67,136	68,372	108,083
PAYROLL - EXCLUDING TAXES AND BENEFITS				
EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 24,761	$ 25,178	$ 27,266	$ 25,902
Payroll per factory employee	23,306	23,957	26,012	24,206
Payroll per administrative employee	20,751	20,526	19,764	16,461
Payroll per sales employee	45,437	55,780	50,844	55,503
EXECUTIVE PAYROLL				
Payroll per executive - All executives	62,358	67,430	53,784	53,898
Payroll per factory executive	42,065	53,296	46,633	45,146
Payroll per administrative executive	84,019	99,846	68,293	97,122
Payroll per sales executive	70,986	74,559	73,785	122,444
RECEIVABLES				
Collection period	59.9	59.9	60.7	59.5
PROFIT				
Gross profit percentage of sales	16.56%	14.74%	13.98%	22.22%
Average gross profit per factory employee	$ 23,321	$ 25,359	$ 20,945	$ 38,922
Income before taxes percentage of sales	4.21%	8.62%	2.05%	11.60%
Average income before taxes per employee	$ 5,141	$ 12,509	$ 2,060	$ 13,317

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 73,067	$ 66,141	$ 54,221	$ 56,595	$ 57,326
97,201	80,414	63,623	68,167	62,878
31,734	35,833	16,315	28,982	38,043
79,883	68,355	54,862	59,380	52,096
76.33%	116.67%	69.60%	118.90%	153.36%
82.40%	85.60%	88.19%	88.79%	93.96%
7.13	7.33	8.16	5.36	4.08
10.47	7.07	3.65	5.85	1.96
$ 122,694	$ 122,577	$ 87,432	$ 89,554	$ 90,170
154,104	143,932	99,469	101,536	95,836
79,774	80,039	60,152	61,642	56,995
1,767,873	1,684,030	1,075,242	2,415,048	3,210,641
130,849	130,418	91,177	96,595	94,152
162,844	149,254	102,486	107,889	99,267
84,316	83,036	62,018	65,386	58,807
3,428,807	5,531,037	3,688,823	4,234,729	6,675,554
381%	391%	402%	364%	330%
29.95%	25.88%	33.95%	33.19%	30.44%
51.32	43.47	58.11	51.87	53.44
$ 34,776	$ 31,042	$ 29,251	$ 28,719	$ 25,860
32,986	27,855	27,695	26,555	24,677
42,400	61,702	31,972	52,413	55,340
43,598	38,479	64,273	35,765	27,518
$ 26,449	$ 21,045	$ 22,667	$ 21,471	$ 20,131
25,898	20,653	21,697	20,303	19,860
18,273	18,518	18,142	18,157	18,567
34,894	28,509	59,164	30,163	22,581
60,779	85,751	51,082	50,872	52,825
39,958	49,317	31,542	42,091	43,673
114,295	164,933	64,840	79,282	91,390
72,463	60,823	30,986	32,936	22,367
61.4	52.3	60.5	57.0	48.3
14.24%	19.19%	16.36%	21.87%	22.71%
$ 26,657	$ 29,412	$ 17,220	$ 23,472	$ 21,985
3.94%	12.32%	4.53%	9.94%	14.69%
$ 5,518	$ 15,026	$ 4,327	$ 8,603	$ 12,607

RETURN ON INVESTMENT - PER $100 OF SALES

	0% TO 11%		11% TO 21%	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 1.13	$ 0.56	$ 0.71	$ 4.42
Receivables	15.75	15.47	15.80	15.77
Inventories	12.48	32.33	7.63	5.15
Marketable securities	0.11	0.00	0.44	0.00
Other current assets	1.30	3.36	0.24	0.27
	30.77	51.72	24.82	25.61
Plant Investment:				
Land and building	6.19	5.55	7.88	3.90
Machinery and equipment	34.06	36.67	50.27	44.91
Other fixed assets	2.20	0.95	1.35	1.08
	42.45	43.17	59.50	49.89
Non-Current Assets	3.14	4.41	2.92	7.41
TOTAL INVESTMENT	76.36	99.30	87.24	82.91
INVESTMENT TURNOVER PER $100 OF SALES	130.96%	100.70%	114.63%	120.61%
EARNINGS				
Cost of Product	$83.44	$85.26	$86.02	$77.78
Selling Expenses	5.21	2.49	5.20	3.99
Administrative Expenses	5.64	2.85	5.51	6.31
	94.29	90.60	96.73	88.08
Income Before Interest, Other Income, and Taxes	5.71	9.40	3.27	11.92
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.48%	9.47%	3.75%	14.38%

** Sample insufficient for Profit Leaders.

21% TO 41%		41% TO 61%**	OVER 61%	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 2.46	$ 5.42	$ 1.71	$ 1.01	$ 1.08
16.20	13.89	15.69	15.09	13.05
7.70	6.00	7.28	6.06	5.02
0.75	2.25	0.53	3.66	6.09
1.30	3.25	0.74	6.19	10.05
28.41	30.81	25.95	32.01	35.29
5.94	3.23	10.91	8.31	6.65
41.99	40.22	40.78	44.39	45.07
2.03	2.89	1.07	2.02	1.34
49.96	46.34	52.76	54.72	53.06
0.49	0.85	2.21	1.15	1.54
78.86	78.00	80.92	87.88	89.89
126.81%	128.21%	123.58%	113.79%	111.25%
$85.76	$80.81	$83.64	$78.13	$77.29
5.20	3.19	3.30	5.07	3.02
4.27	5.02	6.63	5.67	5.05
95.23	89.02	93.57	88.87	85.36
4.77	10.98	6.43	11.13	14.64
6.05%	14.08%	7.95%	12.66%	16.29%

ABSOLUTE DATA

		AVERAGE FIRM REPORTING**		
	NUMBER OF PARTICIPATING FIRMS	TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	69	$19,583,000	$32,238,000	$1,965,000
TOTAL - PROFIT LEADERS*	15	38,038,000	61,500,000	7,033,000
BY SIZE OF FIRM				
ALL FIRMS				
$1,500,000-$5,000,000	4	2,381,000	3,990,000	96,000
$5,000,000-$10,000,000	13	4,399,000	7,605,000	225,000
$10,000,000-$20,000,000	16	8,628,000	15,398,000	212,000
Over $20,000,000	36	31,847,000	51,757,000	3,579,000
PROFIT LEADERS				
$10,000,000-$20,000,000	2	9,963,000	13,294,000	1,318,000
Over $20,000,000	12	45,379,000	73,947,000	8,508,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	37	16,281,000	26,683,000	1,236,000
Magazine and Periodical	24	26,376,000	43,835,000	3,258,000
PROFIT LEADERS				
Commercial and Advertising	5	33,401,000	57,916,000	5,781,000
Magazine and Periodical	8	45,366,000	72,345,000	8,871,000
BY PERCENTAGE OF PAPER SUPPLIED				
ALL FIRMS				
0% To 11%	21	17,763,000	31,871,000	1,848,000
11% To 21%	13	18,387,000	28,686,000	831,000
21% To 41%	6	18,893,000	30,750,000	987,000
41% To 61%	6	42,534,000	69,092,000	6,021,000
Over 61%	5	28,670,000	44,954,000	5,460,000
PROFIT LEADERS				
0% To 11%	3	45,188,000	69,997,000	6,405,000
11% To 21%	2	24,243,000	38,499,000	4,464,000
21% To 41%	2	15,973,000	29,161,000	3,580,000
Over 61%	3	40,677,000	61,415,000	8,772,000

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 43.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	

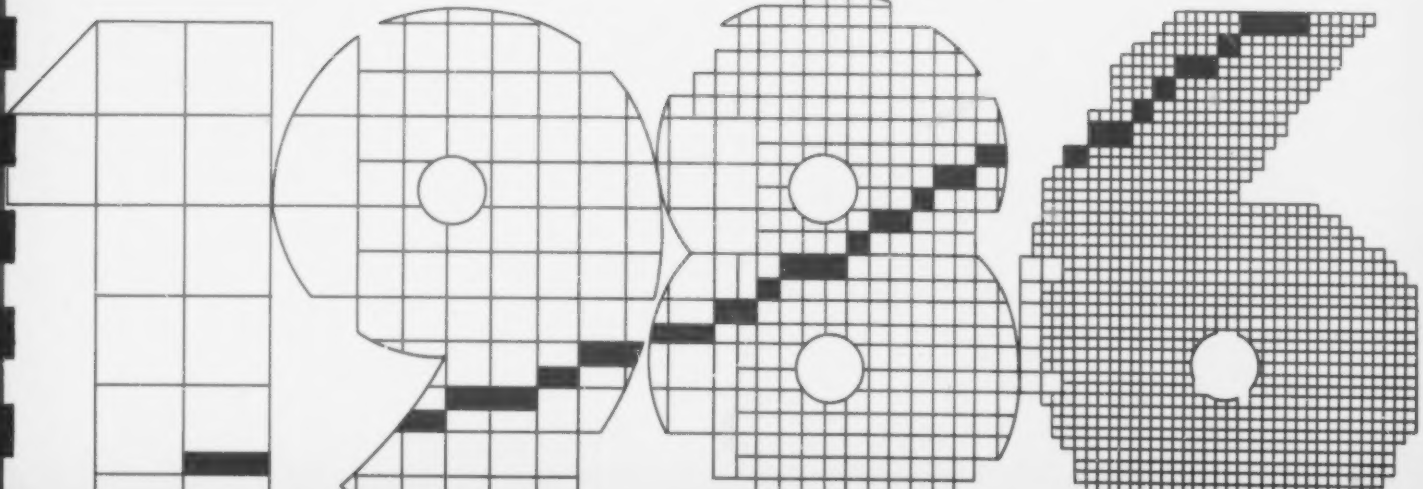
62.2% divided by 3 = 20.7%

1986
Financial
Ratio
Study

Web Offset Printers
Non-Heatset

Volume VII

A8740-1.74 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Road, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

NON-HEATSET WEB OFFSET

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Member Programs Group
PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street
Arlington, Virginia 22209

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Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Offices
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 69 Heatset Web Offset Printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales from $1.5 to $5 million, sales from $5 to $10 million, etc.; by product specialty - for example, Commercial and Advertising and Magazine and Periodical; and by percentage of paper supplied - for example, 0% to 11%, 11% to 21%, etc. Readers can compare their firm's operations with other firms having the same sales volume, product specialty or percentage of paper supplied in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.......... 2

VALUE ADDED -- WHAT IT MEANS TO YOU.......... 4- 5

CHAPTER 1 - BY SIZE OF FIRM.......... 6-19
  Report on Operations - Value Added = 100%.......... 6- 7
  Supporting Schedules - Value Added = 100%.......... 8- 9
  Report on Operations - Sales = 100%.......... 10-11
  Supporting Schedules - Sales = 100%.......... 10-13
  Balance Sheet.......... 14-15
  Significant Facts.......... 16-17
  Return on Investment - Per $100 of Sales.......... 18-19

CHAPTER 2 - BY PRODUCT SPECIALTY.......... 20-33
  Report on Operations - Value Added = 100%.......... 20-21
  Supporting Schedules - Value Added = 100%.......... 22-23
  Report on Operations - Sales = 100%.......... 24-25
  Supporting Schedules - Sales = 100%.......... 24-27
  Balance Sheet.......... 28-29
  Significant Facts.......... 30-31
  Return on Investment - Per $100 of Sales.......... 32-33

ABSOLUTE DATA.......... 34

Congratulations on partaking of the web offset ratio study program. I'm sure that as you review the wealth of information contained in the book that you will find it to be a very rewarding exercise.

Nine years ago PIA formed a special section for non-heatset web offset printers. The activities of the Non-Heatset Web Unit have increased significantly.

Our publication *SNAP* (Specifications for Non-Heat Advertising printing), published in October, 1984, includes pigmentation standards for process inks, recommended ink film densities, screen rulings, stock brightness, opacity and hue standards, type, reverses and proofing standards. It is printed on three types of stock. These are being up-dated in 1986. In addition, we publish the *Non-Heatset Web Offset Directory*, which lists non-heatset web offset printers in the United States and Canada. In conjunction with the Web Offset Section, we publish the *Market Outlook For Web Offset Printers, A Waste and Spoilage Report* and a *Product Catalog*, which include both non-heatset and heatset printers.

Our Graphic Arts Awards Competition for non-heatset printers is held in conjunction with the Annual Meeting. This year's Annual Meeting will be held November 9 & 12, 1986, Arizona Biltmore, Phoenix, Arizona.

Edward W. Hill, Jr.
Executive Director
Non-Heatset Unit

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	39.99	35.01	47.45
FACTORY EXPENSES	24.65	18.50	33.29
TOTAL FACTORY COST OF PRODUCT	64.64	53.51	80.74
GROSS PROFIT	35.36	46.49	19.26
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	15.32	12.59	13.88
Selling expenses	11.97	12.79	12.57
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	27.29	25.38	26.45
INCOME (LOSS) BEFORE INTEREST EXPENSE	8.07	21.11	(7.19)
Interest expense	3.68	3.15	3.76
OPERATING INCOME (LOSS)	4.39	17.96	(10.95)
Other income	1.23	2.22	1.19
INCOME (LOSS) BEFORE INCOME TAXES	5.62	20.18	(9.76)

---

* See page 10 for the definition of "Profit Leaders."

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
36.45	39.05	35.45	42.97	39.21
26.72	21.04	17.05	23.94	21.14
63.17	60.09	52.50	66.91	60.35
36.83	39.91	47.50	33.09	39.65
18.72	16.10	12.73	10.49	11.12
11.12	11.87	14.34	11.73	13.62
29.84	27.97	27.07	22.22	24.74
6.99	11.94	20.43	10.87	14.91
3.57	3.85	2.35	3.57	3.39
3.42	8.09	18.08	7.30	11.52
0.74	1.09	0.93	1.53	2.56
4.16	9.18	19.01	8.83	14.08

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	4.10%	3.43%	7.40%
Direct wages	25.24	21.88	33.74
General factory salaries and wages	3.26	2.60	1.27
Packing, shipping and delivery wages	1.44	0.88	0.45
Payroll taxes	2.60	2.33	3.57
Employee benefits	3.35	3.89	1.02
TOTAL FACTORY PAYROLL	39.99	35.01	47.45
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.58	0.36	0.68
Depreciation - other	5.07	4.72	6.45
Taxes - real estate	0.56	0.52	1.13
Taxes - other	0.37	0.58	0.18
Insurance	0.73	0.44	1.57
Building rent	2.50	1.06	5.00
Utilities - heat, light, etc.	2.09	2.31	2.85
Equipment rental	2.17	0.28	5.65
Total Fixed Expenses	14.07	10.27	23.51
Other Expenses			
Factory supplies and expense	3.07	3.23	2.50
Packing, shipping and delivery expense	3.47	1.32	0.75
Repairs and maintenance	2.79	2.46	4.64
Other factory expenses	1.25	1.22	1.89
Total Other Expenses	10.58	8.23	9.78
TOTAL FACTORY EXPENSES	24.65	18.50	33.29
ADMINISTRATIVE EXPENSES			
Salaries - executive	4.27	3.47	3.16
Salaries - office	3.94	2.77	5.35
Payroll taxes	0.51	0.40	0.34
Employee benefits	0.72	0.92	0.46
Bad debts	0.66	0.19	0.80
Office supplies and expenses	0.76	0.55	0.48
Professional fees	0.69	0.68	0.90
Taxes - business	0.26	0.13	0.32
Telephone	0.76	0.86	0.79
Other administrative expenses	2.75	2.62	1.28
TOTAL ADMINISTRATIVE EXPENSES	15.32	12.59	13.88
SELLING EXPENSES			
Salaries - executive	1.86	1.37	1.54
Salaries and commissions - salesmen	5.45	7.05	5.36
Salaries - sales office clerical	0.83	1.28	1.05
Payroll taxes	0.44	0.40	0.44
Employee benefits	0.51	0.66	0.29
Advertising	0.48	0.52	0.44
Travel and entertainment	1.08	0.74	0.60
Other selling expenses	1.32	0.77	2.85
TOTAL SELLING EXPENSES	11.97	12.79	12.57

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
3.85%	3.12%	3.36%	5.26%	2.72%
19.88	26.23	22.89	24.39	24.50
5.05	2.25	2.39	5.24	3.13
2.13	1.42	0.66	1.30	1.30
2.54	2.40	2.40	3.17	1.72
3.00	3.63	3.75	3.61	5.84
36.45	39.05	35.45	42.97	39.21
0.90	0.44	0.31	0.45	0.28
5.15	4.79	4.41	5.07	4.12
0.46	0.51	0.67	0.24	0.47
0.50	0.29	0.35	0.67	0.28
0.57	0.66	0.35	0.86	0.19
3.61	1.75	1.10	0.78	0.68
1.82	2.02	2.28	2.45	1.67
2.52	1.62	0.00	0.68	0.09
15.53	12.08	9.47	11.20	7.78
2.26	2.21	1.99	5.90	5.88
5.14	3.52	1.86	3.41	2.95
2.42	2.49	2.32	2.75	2.32
1.37	0.74	1.41	0.68	2.21
11.19	8.96	7.58	12.74	13.36
26.72	21.04	17.05	23.94	21.14
6.64	3.94	3.47	3.17	2.18
3.91	4.72	2.83	1.86	1.68
0.81	0.51	0.37	0.34	0.22
0.87	0.70	0.73	0.62	0.81
1.07	0.57	0.18	0.15	0.27
1.28	0.71	0.59	0.47	0.34
0.79	0.65	0.69	0.76	0.31
0.31	0.19	0.08	0.44	0.14
1.09	0.69	1.03	0.66	0.33
1.95	3.42	2.76	2.02	4.84
18.72	16.10	12.73	10.49	11.12
2.76	1.32	1.26	1.77	1.93
4.04	6.50	8.31	5.09	5.89
0.37	0.68	1.31	1.49	1.48
0.33	0.50	0.46	0.43	0.54
0.41	0.48	0.68	0.55	1.02
0.67	0.51	0.64	0.25	0.18
1.72	0.85	0.78	1.31	0.74
0.82	1.03	0.90	0.84	1.84
11.12	11.87	14.34	11.73	13.62

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	35.02	34.86	32.12
Other chargeable materials	4.39	2.18	4.34
Outside services	4.93	4.92	5.94
TOTAL MATERIALS	44.34	41.96	42.40
FACTORY PAYROLL	22.10	20.19	26.93
FACTORY EXPENSES	13.43	10.94	17.71
TOTAL FACTORY COST OF PRODUCT	79.87	73.09	87.04
GROSS PROFIT	20.13	26.91	12.96
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.70	7.29	8.43
Selling expenses	7.01	8.01	7.71
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.71	15.30	16.14
INCOME (LOSS) BEFORE INTEREST EXPENSE	4.42	11.61	(3.18)
Interest expense	1.97	1.53	2.11
OPERATING INCOME (LOSS)	2.45	10.08	(5.29)
Other income	0.68	1.17	0.62
INCOME (LOSS) BEFORE INCOME TAXES	3.13	11.25	(4.67)

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS (SALES TO $1.5 MILLION**)
OTHER CHARGEABLE MATERIALS			
Ink	1.64%	0.95%	1.06%
Film	0.68	0.30	0.72
Plates	0.80	0.49	0.64
Other chargeable materials	1.27	0.44	1.92
TOTAL OTHER CHARGEABLE MATERIALS	4.39	2.18	4.34
OUTSIDE SERVICES			
Composition	0.22	0.16	0.36
Offset preparation	0.27	0.10	0.03
Printing	2.73	3.15	3.58
Binding	0.64	0.34	0.63
Other outside services	1.07	1.17	1.34
TOTAL OUTSIDE SERVICES	4.93	4.92	5.94

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
36.11	34.34	36.54	28.37	43.43
4.71	4.01	2.46	4.80	4.58
2.63	5.48	4.99	7.17	5.33
43.45	43.83	43.99	40.34	53.34
20.50	21.46	19.21	25.13	19.36
14.83	11.62	9.62	14.12	10.08
78.78	76.91	72.82	79.59	82.78
21.22	23.09	27.18	20.41	17.22
10.52	9.23	7.16	6.42	5.23
6.62	7.26	8.48	7.33	6.01
17.14	16.49	15.64	13.75	11.24
4.08	6.60	11.54	6.66	5.98
2.06	2.09	1.30	1.77	1.43
2.02	4.51	10.24	4.89	4.55
0.49	0.59	0.48	0.98	1.21
2.51	5.10	10.72	5.87	5.76

1.79%	1.36%	0.62%	3.16%	1.62%
0.95	0.79	0.52	0.49	0.13
0.82	1.04	0.50	0.86	0.33
1.15	0.82	0.82	0.29	2.50
4.71	4.01	2.46	4.80	4.58
0.02	0.26	0.20	0.48	0.00
0.37	0.12	0.13	0.83	0.21
1.87	3.56	4.02	1.15	3.62
0.03	0.97	0.43	0.75	1.50
0.34	0.57	0.21	3.96	0.00
2.63	5.48	4.99	7.17	5.33

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.29%	2.18%	4.16%
Direct wages	13.93	12.50	19.30
General factory salaries and wages	1.80	1.56	0.74
Packing, shipping and delivery wages	0.83	0.52	0.30
Payroll taxes	1.41	1.31	1.87
Employee benefits	1.84	2.12	0.56
TOTAL FACTORY PAYROLL	22.10	20.19	26.93
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.31	0.19	0.34
Depreciation - other	2.79	2.75	3.79
Taxes - real estate	0.29	0.28	0.54
Taxes - other	0.21	0.32	0.11
Insurance	0.42	0.28	0.90
Building rent	1.37	0.72	2.69
Utilities - heat, light, etc.	1.13	1.29	1.47
Equipment rental	1.14	0.20	2.67
Total Fixed Expenses	7.66	6.03	12.51
Other Expenses			
Factory supplies and expense	1.68	1.92	1.27
Packing, shipping and delivery expense	1.90	0.79	0.47
Repairs and maintenance	1.52	1.53	2.40
Other factory expenses	0.67	0.67	1.06
Total Other Expenses	5.77	4.91	5.20
TOTAL FACTORY EXPENSES	13.43	10.94	17.71
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.37	1.95	1.92
Salaries - office	2.31	1.61	3.36
Payroll taxes	0.29	0.22	0.21
Employee benefits	0.40	0.51	0.29
Bad debts	0.36	0.11	0.42
Office supplies and expenses	0.43	0.32	0.29
Professional fees	0.39	0.40	0.52
Taxes - business	0.14	0.09	0.16
Telephone	0.43	0.47	0.47
Other administrative expenses	1.58	1.61	0.79
TOTAL ADMINISTRATIVE EXPENSES	8.70	7.29	8.43
SELLING EXPENSES			
Salaries - executive	1.04	0.91	0.88
Salaries and commissions - salesmen	3.26	4.46	3.28
Salaries - sales office clerical	0.47	0.78	0.63
Payroll taxes	0.25	0.22	0.26
Employee benefits	0.29	0.39	0.18
Advertising	0.29	0.30	0.27
Travel and entertainment	0.62	0.48	0.34
Other selling expenses	0.79	0.47	1.87
TOTAL SELLING EXPENSES	7.01	8.01	7.71

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.20%	1.67%	1.84%	3.17%	1.39%
11.10	14.43	12.44	14.13	12.12
2.84	1.25	1.34	3.11	1.42
1.26	0.82	0.36	0.75	0.56
1.40	1.33	1.28	1.79	0.83
1.70	1.96	1.95	2.18	3.04
20.50	21.46	19.21	25.13	19.36
0.49	0.24	0.15	0.24	0.12
2.88	2.61	2.46	3.05	1.86
0.25	0.28	0.38	0.14	0.20
0.29	0.16	0.19	0.41	0.11
0.33	0.38	0.20	0.52	0.08
1.91	1.00	0.70	0.58	0.30
1.01	1.12	1.21	1.47	0.77
1.24	0.99	0.00	0.48	0.04
8.40	6.78	5.29	6.89	3.48
1.33	1.18	1.12	3.45	3.06
3.02	1.88	1.09	1.67	1.34
1.35	1.36	1.29	1.78	1.07
0.73	0.42	0.83	0.33	1.13
6.43	4.84	4.33	7.23	6.60
14.83	11.62	9.62	14.12	10.08
3.64	2.23	1.94	1.78	0.94
2.24	2.78	1.61	1.17	0.73
0.46	0.28	0.20	0.21	0.09
0.47	0.39	0.39	0.42	0.36
0.61	0.29	0.09	0.11	0.12
0.74	0.39	0.33	0.30	0.15
0.47	0.36	0.37	0.47	0.13
0.17	0.10	0.04	0.29	0.06
0.62	0.38	0.53	0.40	0.15
1.10	2.03	1.66	1.27	2.50
10.52	9.23	7.16	6.42	5.23
1.57	0.75	0.74	1.12	0.84
2.49	4.02	4.99	3.38	2.55
0.23	0.38	0.74	0.90	0.73
0.18	0.29	0.25	0.25	0.24
0.26	0.28	0.37	0.36	0.48
0.43	0.31	0.37	0.15	0.07
1.00	0.53	0.47	0.73	0.31
0.46	0.70	0.55	0.44	0.79
6.62	7.26	8.48	7.33	6.01

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	6.33%	16.97%	2.11%
Receivables	27.52	24.32	20.79
Inventories	17.81	10.73	29.23
Other current assets	2.68	4.63	0.39
TOTAL CURRENT ASSETS	54.34	56.65	52.52
FIXED ASSETS			
Real estate	12.92	14.67	9.66
Less: Accumulated depreciation	3.06	4.51	0.58
	9.86	10.16	9.08
Machinery and equipment	57.82	51.16	55.96
Less: Accumulated depreciation	29.45	25.23	27.81
	28.37	25.93	28.15
Other fixed assets	5.12	4.30	4.20
Less: Accumulated depreciation	2.47	3.31	0.59
	2.65	0.99	3.61
NET FIXED ASSETS	40.88	37.08	40.84
OTHER ASSETS	4.78	6.27	6.64
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	8.84	5.22	9.42
Accounts payable	12.90	7.77	18.89
Other current liabilities	8.55	7.87	4.18
TOTAL CURRENT LIABILITIES	30.29	20.86	32.49
LONG-TERM LIABILITIES	32.94	21.59	28.21
TOTAL LIABILITIES	63.23	42.45	60.70
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.77	57.55	39.30
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.79	2.72	1.62
QUICK RATIO	1.21	2.20	0.72
TOTAL LIABILITIES TO EQUITY	1.72	0.74	1.54
LONG-TERM LIABILITIES TO EQUITY	0.90	0.38	0.72
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.49	0.50

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
7.54%	6.07%	17.21%	9.33%	7.08%
30.73	29.19	29.37	24.73	25.87
15.09	16.08	13.84	8.52	22.67
2.98	2.61	1.17	7.99	0.66
56.34	53.95	61.59	50.57	56.28
11.82	15.61	17.25	13.15	10.97
4.92	3.14	4.62	3.42	1.43
6.90	12.47	12.63	9.73	9.54
69.10	52.60	50.05	62.59	47.10
37.73	27.00	28.48	26.04	23.31
31.37	25.60	21.57	36.55	23.79
5.84	5.55	5.60	4.66	3.69
3.24	2.93	4.55	2.53	1.53
2.60	2.62	1.05	2.13	2.16
40.87	40.69	35.25	48.41	35.49
2.79	5.36	3.16	1.02	8.23
100.00	100.00	100.00	100.00	100.00
9.78	8.94	6.36	7.60	6.73
13.31	11.62	10.79	12.08	9.34
5.84	11.05	7.99	7.56	13.08
28.93	31.61	25.14	27.24	29.15
35.06	36.39	19.32	34.72	22.16
63.99	68.00	44.46	61.96	51.31
36.01	32.00	55.54	38.04	48.69
100.00	100.00	100.00	100.00	100.00
1.95	1.71	2.45	1.86	1.93
1.43	1.20	1.90	1.54	1.15
1.78	2.13	0.80	1.63	1.05
0.97	1.14	0.35	0.91	0.46
0.55	0.51	0.57	0.42	0.49

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 45,204	$ 77,680	$ 32,374
Average assets per factory employee (Excluding Executives)	66,175	110,955	55,019
Average net worth per employee - All employees	16,443	42,620	9,620
Average gross plant investment per factory employee (Excluding Executives)	48,021	74,235	44,581
Net worth percentage of fixed assets	134.07%	197.36%	293.52%
EMPLOYEES			
Percent factory - All employees	75.35%	74.07%	74.41%
Percent administrative - All employees	13.52	11.92	15.38
Percent sales - All employees	11.13	14.01	10.21
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 83,233	$ 109,889	$ 55,994
Sales per factory employee	112,753	147,985	76,210
Sales less material per factory employee	60,984	81,195	43,625
Sales per administrative employee	854,503	919,733	296,032
EXCLUDING EXECUTIVES			
Sales per employee - All employees	93,619	119,916	69,469
Sales per factory employee	121,706	156,370	88,165
Sales less material per factory employee	65,811	86,319	50,426
SALES PER SALESMAN	945,765	1,319,859	184,200
SALES TO CURRENT ASSETS	409%	318%	419%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	32.77%	31.23%	37.95%
Factory payroll percentage of gross plant investment	61.70	46.39	51.33
Payroll per employee - All employees	$ 25,597	$ 31,202	$ 20,397
Payroll per factory employee	22,833	27,164	19,876
Payroll per administrative employee	31,846	37,626	16,386
Payroll per sales employee	35,292	49,177	18,165
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,588	$ 23,377	$ 17,342
Payroll per factory employee	18,381	21,131	17,107
Payroll per administrative employee	17,491	18,866	10,544
Payroll per sales employee	27,376	40,579	14,327
EXECUTIVE PAYROLL			
Payroll per executive - All executives	49,278	58,362	19,785
Payroll per factory executive	40,855	52,448	20,016
Payroll per administrative executive	63,490	76,207	18,526
Payroll per sales executive	45,670	75,675	10,533
RECEIVABLES			
Collection period	56.9	61.6	48.1
PROFIT			
Gross profit percentage of sales	20.13%	26.91%	12.96%
Average gross profit per factory employee	$ 25,787	$ 41,218	$ 12,656
Income (loss) before taxes percentage of sales	3.13%	11.25%	(4.67)%
Average income (loss) before taxes per employee	$ 3,483	$ 12,591	$ (2,584)

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 34,593	$ 48,104	$ 57,755	$ 48,622	$ 72,513
50,468	69,714	88,484	67,014	102,832
10,813	15,608	31,505	22,299	34,835
40,218	48,103	58,796	50,994	66,693
68.45%	103.89%	206.27%	106.21%	199.92%
72.80%	75.28%	71.80%	81.67%	77.22%
16.93	13.75	11.33	8.43	7.16
10.27	10.97	16.87	9.90	15.62
$ 75,462	$ 85,501	$ 96,981	$ 86,873	$ 123,298
103,297	116,740	135,711	107,377	169,746
58,038	64,483	76,543	64,350	75,106
451,891	691,181	886,249	1,098,708	2,705,021
87,422	92,538	107,161	97,211	136,604
110,332	123,156	144,987	119,268	184,578
61,997	67,919	81,671	71,666	81,654
921,438	960,419	1,426,403	1,657,448	505,931
433%	384%	304%	453%	387%
32.05%	32.86%	30.45%	34.71%	26.32%
65.36	63.68	50.06	58.50	62.75
$ 23,494	$ 26,753	$ 29,251	$ 29,986	$ 29,488
21,190	23,059	25,544	26,949	26,028
29,740	33,085	35,157	37,980	46,402
30,303	39,394	42,396	54,597	39,070
$ 17,205	$ 20,630	$ 22,665	$ 22,799	$ 21,832
16,929	18,535	20,182	21,590	20,074
15,472	19,033	19,295	14,982	27,650
21,560	32,343	36,643	40,395	30,512
47,576	62,469	49,182	48,503	49,464
32,806	57,535	49,872	33,160	39,687
54,944	76,909	57,769	106,090	61,913
26,647	53,599	54,254	111,372	53,332
55.1	66.4	67.8	47.7	50.9
21.22%	23.09%	27.18%	20.41%	17.22%
$ 22,863	$ 29,791	$ 40,392	$ 24,770	$ 36,779
2.51%	5.10%	10.72%	5.87%	5.76%
$ 1,910	$ 4,871	$ 10,548	$ 4,968	$ 8,870

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.68	$12.80	$ 1.36
Receivables	15.14	16.28	12.85
Inventories	8.40	7.14	11.77
Marketable securities	0.72	3.07	0.00
Other current assets	0.89	1.29	0.28
	28.83	40.58	26.26
Plant Investment:			
Land and building	7.20	8.59	7.84
Machinery and equipment	30.68	34.90	36.75
Other fixed assets	2.54	2.83	2.10
	40.42	46.32	46.69
Non-Current Assets	2.75	4.74	3.23
TOTAL INVESTMENT	72.00	91.64	76.18
INVESTMENT TURNOVER PER $100 OF SALES	138.89%	109.12%	131.27%
EARNINGS			
Cost of Product	$79.87	$73.09	$ 87.04
Selling Expenses	7.01	8.01	7.71
Administrative Expenses	8.70	7.29	8.43
	95.58	88.39	103.18
Income (Loss) Before Interest, Other Income and Taxes	4.42	11.61	(3.18)
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	6.14%	12.67%	(4.17)%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION**	SALES FROM $5 TO $10 MILLION		SALES FROM $10 TO $20 MILLION**	SALES OVER $20 MILLION**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 3.13	$ 3.49	$11.15	$ 8.00	$ 4.78
14.66	17.49	17.89	12.78	13.75
6.89	8.05	8.65	4.29	12.01
0.45	0.52	0.38	4.23	0.00
0.87	0.91	0.38	2.57	0.30
26.00	30.46	38.45	31.87	30.84
4.85	8.98	8.62	7.35	6.14
29.83	29.08	28.47	33.62	27.70
2.57	3.06	3.48	2.15	1.72
37.25	41.12	40.57	43.12	35.56
1.25	3.45	2.02	0.44	5.27
64.50	75.03	81.04	75.43	71.67
155.04%	133.28%	123.40%	132.57%	139.53%
$78.78	$76.91	$72.82	$79.59	$82.78
6.62	7.26	8.48	7.33	6.01
10.52	9.23	7.16	6.42	5.23
95.92	93.40	88.46	93.34	94.02
4.08	6.60	11.54	6.66	5.98
6.33%	8.80%	14.24%	8.83%	8.34%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	36.56	30.84	42.54
FACTORY EXPENSES	25.65	19.01	26.10
TOTAL FACTORY COST OF PRODUCT	62.21	49.85	68.64
GROSS PROFIT	37.79	50.15	31.36
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	14.41	12.59	16.94
Selling expenses	11.40	11.92	8.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.81	24.51	24.96
INCOME BEFORE INTEREST EXPENSE	11.98	25.64	6.40
Interest expense	5.21	4.60	3.72
OPERATING INCOME	6.77	21.04	2.68
Other income (expense)	0.89	1.58	1.07
INCOME BEFORE INCOME TAXES	7.66	22.62	3.75

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
40.18	44.66	42.95	34.01
19.96	16.53	24.83	18.74
60.14	61.19	67.78	52.75
39.86	38.81	32.22	47.25
17.84	14.29	14.07	14.00
9.36	7.21	14.95	17.62
27.20	21.50	29.02	31.62
12.66	17.31	3.20	15.63
4.96	2.54	2.44	1.69
7.70	14.77	0.76	13.94
1.65	(1.26)	2.01	3.62
9.35	13.51	2.77	17.56

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.64%	2.96%	4.08%
Direct wages	25.00	19.74	27.63
General factory salaries and wages	2.87	2.00	0.53
Packing, shipping and delivery wages	0.83	0.88	2.89
Payroll taxes	2.77	2.04	2.61
Employee benefits	2.45	3.22	4.80
TOTAL FACTORY PAYROLL	36.56	30.84	42.54
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.81	0.31	0.66
Depreciation - other	5.83	5.06	5.30
Taxes - real estate	0.30	0.29	1.24
Taxes - other	0.43	0.79	0.00
Insurance	1.00	0.62	0.70
Building rent	2.08	1.80	3.09
Utilities - heat, light, etc.	1.80	2.11	2.08
Equipment rental	1.37	0.55	3.83
Total Fixed Expenses	13.62	11.53	16.90
Other Expenses			
Factory supplies and expense	3.89	3.86	1.72
Packing, shipping and delivery expense	4.20	0.40	3.06
Repairs and maintenance	2.59	2.51	3.50
Other factory expenses	1.35	0.71	0.92
Total Other Expenses	12.03	7.48	9.20
TOTAL FACTORY EXPENSES	25.65	19.01	26.10
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.61	3.89	7.13
Salaries - office	4.00	3.24	3.34
Payroll taxes	0.60	0.41	0.52
Employee benefits	0.76	1.08	0.51
Bad debts	0.29	0.03	1.06
Office supplies and expenses	0.98	0.55	0.75
Professional fees	0.61	0.74	0.82
Taxes - business	0.25	0.16	0.27
Telephone	0.77	0.57	1.02
Other administrative expenses	2.54	1.92	1.52
TOTAL ADMINISTRATIVE EXPENSES	14.41	12.59	16.94
SELLING EXPENSES			
Salaries - executive	1.32	1.92	2.40
Salaries and commissions - salesmen	5.94	5.94	2.99
Salaries - sales office clerical	0.98	1.05	0.00
Payroll taxes	0.53	0.28	0.17
Employee benefits	0.36	0.62	0.40
Advertising	0.49	0.21	0.40
Travel and entertainment	1.11	1.27	1.36
Other selling expenses	0.67	0.63	0.30
TOTAL SELLING EXPENSES	11.40	11.92	8.02

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.43%	4.57%	5.88%	3.60%
27.84	28.92	24.21	19.81
5.17	2.61	5.05	3.05
2.54	2.23	1.19	1.12
1.79	3.28	2.40	2.08
0.41	3.05	4.22	4.35
40.18	44.66	42.95	34.01
0.21	0.25	0.48	0.37
5.05	3.85	4.81	4.21
0.00	0.44	0.68	0.70
0.78	0.97	0.35	0.14
0.03	0.32	0.61	0.28
3.19	0.96	2.84	0.49
2.15	2.30	2.47	2.17
0.23	0.23	2.43	0.00
11.64	9.32	14.67	8.36
1.54	2.98	3.14	2.93
2.76	1.75	2.55	2.25
2.12	1.37	3.11	2.68
1.90	1.11	1.36	2.52
8.32	7.21	10.16	10.38
19.96	16.53	24.83	18.74
2.88	3.57	3.72	3.33
3.61	2.41	3.69	2.60
0.31	0.54	0.39	0.37
0.54	0.39	0.75	0.87
0.93	2.04	0.55	0.22
0.40	0.43	0.64	0.68
0.85	1.93	0.52	0.34
1.03	0.15	0.20	0.01
0.35	0.67	0.70	1.31
6.94	2.16	2.91	4.27
17.84	14.29	14.07	14.00
2.00	1.52	2.40	0.73
3.84	3.25	6.12	11.28
1.06	0.62	1.14	1.66
0.25	0.32	0.52	0.61
0.20	0.25	0.80	0.88
0.44	0.12	0.52	1.12
0.95	0.52	1.00	0.12
0.62	0.61	2.45	1.22
9.36	7.21	14.95	17.62

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIAL			
Paper	32.68	30.26	42.15
Other chargeable materials	4.96	2.74	5.35
Outside services	6.24	4.57	1.38
TOTAL MATERIALS	43.88	37.57	48.88
FACTORY PAYROLL	20.43	19.89	21.54
FACTORY EXPENSES	14.34	12.03	13.25
TOTAL FACTORY COST OF PRODUCT	78.65	69.49	83.67
GROSS PROFIT	21.35	30.51	16.33
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.19	7.79	8.51
Selling expenses	6.66	8.15	4.58
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.85	15.94	13.09
INCOME BEFORE INTEREST EXPENSE	6.50	14.57	3.24
Interest expense	2.78	2.26	1.91
OPERATING INCOME	3.72	12.31	1.33
Other income (expense)	0.44	0.69	0.73
INCOME BEFORE INCOME TAXES	4.16	13.00	2.06

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	2.91%	1.98%	1.66%
Film	0.70	0.06	1.17
Plates	0.98	0.70	0.75
Other chargeable materials	0.37	0.00	1.77
TOTAL OTHER CHARGEABLE MATERIALS	4.96	2.74	5.35
OUTSIDE SERVICES			
Composition	0.27	0.00	0.10
Offset preparation	0.38	0.00	0.48
Printing	2.74	0.00	0.30
Binding	0.83	0.00	0.40
Other outside services	2.02	4.57	0.10
TOTAL OUTSIDE SERVICES	6.24	4.57	1.38

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
38.20	39.94	35.07	36.15
4.26	3.31	3.61	0.71
3.79	1.96	5.24	7.01
46.25	45.21	43.92	43.87
21.59	24.17	24.28	18.70
10.74	9.06	13.43	10.74
78.58	78.44	81.63	73.31
21.42	21.56	18.37	26.69
9.59	8.10	8.09	7.79
5.03	4.04	8.32	10.41
14.62	12.14	16.41	18.20
6.80	9.42	1.96	8.49
2.66	1.45	1.35	0.82
4.14	7.97	0.61	7.67
0.89	(0.85)	1.12	2.16
5.03	7.12	1.73	9.83

1.26%	0.74%	0.43%	0.16%
0.96	0.79	0.16	0.24
0.72	1.09	0.44	0.00
1.32	0.69	2.58	0.31
4.26	3.31	3.61	0.71
0.41	0.11	0.25	0.29
0.20	0.20	0.04	0.00
0.73	1.00	4.15	6.37
0.99	0.65	0.02	0.01
1.46	0.00	0.78	0.34
3.79	1.96	5.24	7.01

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.54%	2.29%	1.95%
Direct wages	13.95	12.50	13.82
General factory salaries and wages	1.59	1.33	0.32
Packing, shipping and delivery wages	0.45	0.56	1.69
Payroll taxes	1.56	1.29	1.22
Employee benefits	1.34	1.92	2.54
TOTAL FACTORY PAYROLL	20.43	19.89	21.54
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.42	0.18	0.32
Depreciation - other	3.38	3.11	2.65
Taxes - real estate	0.16	0.15	0.60
Taxes - other	0.23	0.45	0.00
Insurance	0.57	0.44	0.35
Building rent	1.20	1.24	1.50
Utilities - heat, light, etc.	1.02	1.31	1.01
Equipment rental	0.75	0.40	1.86
Total Fixed Expenses	7.73	7.28	8.29
Other Expenses			
Factory supplies and expense	2.13	2.39	0.83
Packing, shipping and delivery expense	2.27	0.27	1.98
Repairs and maintenance	1.49	1.77	1.73
Other factory expenses	0.72	0.32	0.42
Total Other Expenses	6.61	4.75	4.96
TOTAL FACTORY EXPENSES	14.34	12.03	13.25
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.02	2.28	3.49
Salaries - office	2.29	2.00	1.72
Payroll taxes	0.35	0.25	0.24
Employee benefits	0.43	0.63	0.24
Bad debts	0.15	0.04	0.57
Office supplies and expenses	0.56	0.35	0.41
Professional fees	0.36	0.50	0.42
Taxes - business	0.15	0.13	0.13
Telephone	0.46	0.37	0.52
Other administrative expenses	1.42	1.24	0.77
TOTAL ADMINISTRATIVE EXPENSES	8.19	7.79	8.51
SELLING EXPENSES			
Salaries - executive	0.76	1.37	1.26
Salaries and commissions - salesmen	3.53	4.09	1.86
Salaries - sales office clerical	0.57	0.72	0.00
Payroll taxes	0.30	0.18	0.08
Employee benefits	0.21	0.41	0.25
Advertising	0.30	0.13	0.23
Travel and entertainment	0.64	0.86	0.73
Other selling expenses	0.35	0.39	0.17
TOTAL SELLING EXPENSES	6.66	8.15	4.58

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.31%	2.51%	3.38%	2.02%
14.96	15.63	13.79	10.85
2.78	1.38	2.81	1.84
1.36	1.33	0.64	0.61
0.96	1.77	1.28	1.10
0.22	1.55	2.38	2.28
21.59	24.17	24.28	18.70
0.11	0.12	0.28	0.18
2.72	2.06	2.70	2.38
0.00	0.22	0.36	0.41
0.42	0.54	0.19	0.09
0.02	0.18	0.34	0.14
1.71	0.59	1.53	0.31
1.16	1.20	1.32	1.14
0.12	0.14	1.13	0.00
6.26	5.05	7.85	4.65
0.83	1.69	1.80	1.72
1.49	0.93	1.36	1.42
1.14	0.72	1.66	1.47
1.02	0.67	0.76	1.48
4.48	4.01	5.58	6.09
10.74	9.06	13.43	10.74
1.55	2.04	2.15	1.80
1.94	1.36	2.19	1.41
0.17	0.30	0.22	0.19
0.29	0.20	0.41	0.45
0.50	1.20	0.30	0.13
0.21	0.24	0.35	0.37
0.46	1.10	0.29	0.16
0.55	0.08	0.11	0.01
0.19	0.35	0.40	0.65
3.73	1.23	1.67	2.62
9.59	8.10	8.09	7.79
1.08	0.87	1.33	0.42
2.06	1.86	3.37	6.75
0.57	0.30	0.63	0.96
0.13	0.18	0.27	0.33
0.11	0.13	0.43	0.47
0.24	0.06	0.31	0.66
0.51	0.29	0.56	0.06
0.33	0.35	1.42	0.76
5.03	4.04	8.32	10.41

BALANCE SHEET

	COMMERCIAL AND ADVERTISING ALL FIRMS	COMMERCIAL AND ADVERTISING PROFIT LEADERS	NEWSPAPER** ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	5.11%	14.06%	6.19%
Receivables	27.20	23.83	35.02
Inventories	11.96	6.06	9.92
Other current assets	2.85	8.63	4.70
TOTAL CURRENT ASSETS	47.12	52.58	55.83
FIXED ASSETS			
Real estate	8.70	7.38	21.35
Less: Accumulated depreciation	2.40	3.09	3.42
	6.30	4.29	17.93
Machinery and equipment	65.51	49.81	50.75
Less: Accumulated depreciation	25.67	18.95	28.40
	39.84	30.86	22.35
Other fixed assets	4.52	1.90	3.44
Less: Accumulated depreciation	1.55	1.10	1.05
	2.97	0.80	2.39
NET FIXED ASSETS	49.11	35.95	42.67
OTHER ASSETS	3.77	11.47	1.50
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.19	3.10	7.71
Accounts payable	14.65	3.47	14.71
Other current liabilities	7.07	7.57	5.97
TOTAL CURRENT LIABILITIES	31.91	14.14	28.39
LONG-TERM LIABILITIES	38.64	29.58	51.39
TOTAL LIABILITIES	70.55	43.72	79.78
SHAREHOLDERS' AND PROPRIETORS' EQUITY	29.45	56.28	20.22
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

	COMMERCIAL AND ADVERTISING ALL FIRMS	COMMERCIAL AND ADVERTISING PROFIT LEADERS	NEWSPAPER** ALL FIRMS
CURRENT RATIO	1.48	3.72	1.97
QUICK RATIO	1.10	3.29	1.62
TOTAL LIABILITIES TO EQUITY	2.40	0.78	3.95
LONG-TERM LIABILITIES TO EQUITY	1.31	0.53	2.54
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.39	0.38	0.56

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
0.31%	13.94%	8.09%	22.15%
30.27	31.19	23.62	23.79
11.17	14.25	26.56	16.01
2.50	2.00	1.42	0.76
44.25	61.38	59.69	62.71
15.42	16.60	14.78	16.33
1.13	5.28	4.01	3.62
14.29	11.32	10.77	12.71
44.02	57.61	58.56	43.99
15.05	35.00	37.00	22.78
28.97	22.61	21.56	21.21
3.62	6.40	6.02	10.07
1.69	5.45	3.53	8.30
1.93	0.95	2.49	1.77
45.19	34.88	34.82	35.69
10.56	3.74	5.49	1.60
100.00	100.00	100.00	100.00
13.74	3.93	9.13	10.42
16.44	13.96	10.20	11.87
9.59	12.62	9.18	4.56
39.77	30.51	28.51	26.85
47.17	20.98	17.12	16.29
86.94	51.49	45.63	43.14
13.06	48.51	54.37	56.86
100.00	100.00	100.00	100.00
1.11	2.01	2.09	2.34
0.83	1.54	1.16	1.74
6.66	1.06	0.84	0.76
3.61	0.43	0.31	0.29
0.34	0.61	0.63	0.52

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 54,133	$ 103,409	$ 38,131
Average assets per factory employee (Excluding Executives)	73,832	139,278	54,898
Average net worth per employee - All employees	18,219	54,693	6,668
Average gross plant investment per factory employee (Excluding Executives)	53,813	87,053	37,870
Net worth percentage of fixed assets	73.39%	177.41%	7.70%
EMPLOYEES			
Percent factory - All employees	77.25%	76.45%	76.17%
Percent administrative - All employees	13.38	13.80	14.37
Percent sales - All employees	9.37	9.75	9.46
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 92,888	$ 129,467	$ 67,176
Sales per factory employee	121,749	169,068	88,946
Sales less material per factory employee	66,309	94,432	45,255
Sales per administrative employee	811,779	914,523	531,253
EXCLUDING EXECUTIVES			
Sales per employee - All employees	99,887	139,151	82,235
Sales per factory employee	127,005	174,436	96,634
Sales less material per factory employee	69,446	98,453	48,995
SALES PER SALESMAN	1,102,872	1,144,847	943,631
SALES TO CURRENT ASSETS	432%	311%	423%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	30.91%	31.81%	30.68%
Factory payroll percentage of gross plant investment	48.65	42.56	75.49
Payroll per employee - All employees	$ 26,581	$ 35,048	$ 20,276
Payroll per factory employee	22,864	28,549	18,600
Payroll per administrative employee	33,611	44,752	27,608
Payroll per sales employee	46,799	66,978	23,169
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 20,423	$ 25,384	$ 14,658
Payroll per factory employee	18,730	22,096	14,606
Payroll per administrative employee	17,099	21,556	12,103
Payroll per sales employee	38,164	55,125	11,541
EXECUTIVE PAYROLL			
Payroll per executive - All executives	62,253	80,592	41,037
Payroll per factory executive	48,806	73,066	32,244
Payroll per administrative executive	82,794	106,110	52,979
Payroll per sales executive	63,037	103,929	19,960
RECEIVABLES			
Collection period	54.8	68.6	78.8
PROFIT			
Gross profit percentage of sales	21.35%	30.51%	16.33%
Average gross profit per factory employee	$ 28,266	$ 49,927	$ 15,697
Income before taxes percentage of sales	4.16%	13.00%	2.06%
Average income before taxes per employee	$ 5,232	$ 16,726	$ 1,226

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 55,972	$ 40,872	$ 40,842	$ 57,967
72,339	56,585	67,181	98,732
7,110	19,691	21,226	33,308
45,542	44,258	52,034	66,206
29.25%	137.18%	268.04%	253.48%
80.22%	79.96%	72.51%	64.75%
10.37	11.72	12.77	11.03
9.41	8.32	14.72	24.22
$ 86,351	$ 96,407	$ 80,205	$ 86,740
108,006	121,082	116,154	133,391
58,064	66,775	62,502	74,199
855,755	914,256	1,107,602	783,075
91,300	109,923	92,855	97,447
112,001	133,080	129,980	145,897
60,210	73,519	69,857	81,301
1,353,376	1,951,882	500,442	608,972
353%	388%	384%	273%
29.48%	31.41%	35.27%	31.47%
53.13	75.89	56.76	46.68
$ 25,466	$ 30,252	$ 26,689	$ 26,906
23,308	29,275	24,434	24,937
34,064	31,624	31,837	30,462
43,525	37,976	28,852	29,111
$ 21,603	$ 24,077	$ 20,352	$ 21,270
21,436	24,467	19,054	19,335
19,458	15,704	20,175	17,362
32,212	29,951	22,951	26,125
62,329	42,367	38,933	33,315
38,657	34,202	35,649	31,167
99,105	53,771	43,704	42,187
95,375	71,765	30,807	22,404
75.4	51.2	47.3	61.5
21.42%	21.56%	18.37%	26.69%
$ 23,908	$ 29,187	$ 27,224	$ 38,574
5.03%	7.12%	1.73%	9.83%
$ 4,318	$ 6,884	$ 2,235	$ 8,387

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		NEWSPAPER**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 3.69	$12.70	$ 2.05
Receivables	14.62	17.93	20.72
Inventories	6.48	4.71	5.20
Marketable securities	1.26	6.13	1.20
Other current assets	0.94	2.18	0.58
	26.99	43.65	29.75
Plant Investment:			
Land and building	5.12	6.36	11.69
Machinery and equipment	35.75	40.96	26.31
Other fixed assets	2.09	1.52	1.58
	42.96	48.84	39.58
Non-Current Assets	2.42	8.79	0.67
TOTAL INVESTMENT	72.37	101.28	70.00
INVESTMENT TURNOVER PER $100 OF SALES	138.18%	98.74%	142.86%
EARNINGS			
Cost of Product	$78.65	$69.49	$83.67
Selling Expenses	6.66	8.15	4.58
Administrative Expenses	8.19	7.79	8.51
	93.50	85.43	96.76
Income Before Interest, Other Income (Expense), and Taxes	6.50	14.57	3.24
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.98%	14.39%	4.63%

** Sample insufficient for Profit Leaders.

BOOK**	DIRECTORY**	NO PREDOMINANT SPECIALTY	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 0.22	$ 5.89	$ 4.88	$16.22
19.20	13.30	12.70	16.47
7.32	6.04	12.24	11.45
0.00	0.00	0.00	0.00
1.70	0.87	0.70	0.52
28.44	26.10	30.52	44.66
10.37	6.81	8.13	9.42
27.99	24.25	31.38	29.01
2.28	2.81	3.06	6.23
40.64	33.87	42.57	44.66
7.00	1.64	2.55	1.02
76.08	61.61	75.64	90.34
131.44%	162.31%	132.21%	110.69%
$78.58	$78.44	$81.63	$73.31
5.03	4.04	8.32	10.41
9.59	8.10	8.09	7.79
93.20	90.58	98.04	91.51
6.80	9.42	1.96	8.49
8.94%	15.29%	2.59%	9.40%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	AVERAGE FIRM REPORTING** SALES OR VALUE OF PRODUCTION	AVERAGE FIRM REPORTING** TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	41	$ 5,345,000	$ 9,801,000	$ 518,000
TOTAL - PROFIT LEADERS*	6	9,613,000	12,734,000	1,495,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$1,500,000	6	432,000	746,000	(34,000)
$1,500,000-$5,000,000	11	1,475,000	3,376,000	85,000
$5,000,000-$10,000,000	15	4,223,000	7,485,000	404,000
$10,000,000-$20,000,000	4	8,870,000	15,747,000	895,000
Over $20,000,000	5	20,301,000	36,991,000	2,173,000
PROFIT LEADERS				
$5,000,000-$10,000,000	4	4,326,000	7,487,000	814,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	15	6,662,000	10,941,000	747,000
Newspaper	6	1,688,000	3,332,000	63,000
Book	2	5,688,000	8,766,000	436,000
Directory	2	2,845,000	6,815,000	538,000
No Predominant Specialty	14	6,049,000	12,190,000	521,000
PROFIT LEADERS				
Commercial and Advertising	3	15,437,000	18,566,000	2,346,000
No Predominant Specialty	2	3,653,000	5,398,000	527,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	% of Sales PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

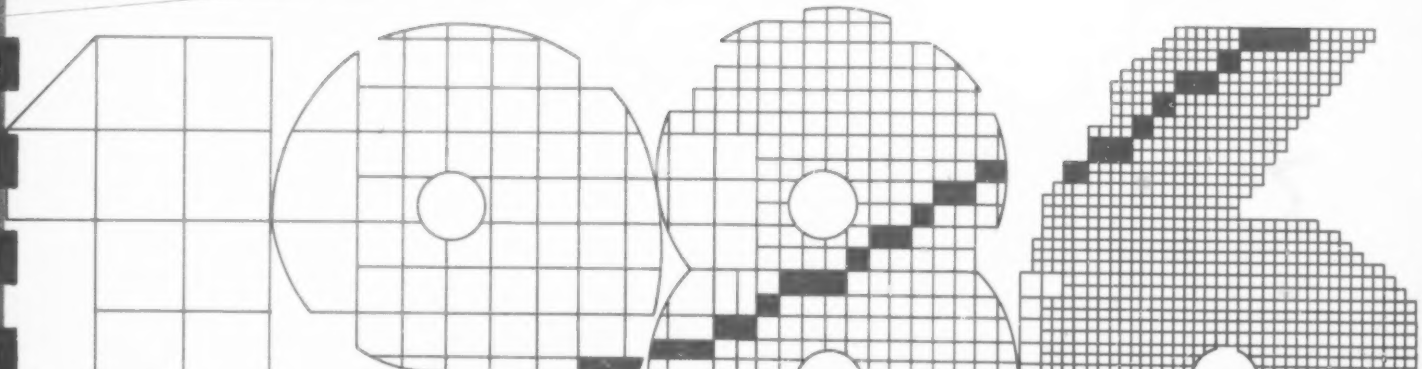
** Unlike the ratios shown in this book, these figures are arithmetic averages.

1986
Financial
Ratio
Study

Combination Offset
Sheetfed/Web

Volume VIII

A 8740.18 U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

COMBINATION OFFSET-SHEETFED/WEB PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

Offices:
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NEW YORK

Dear Member of the Graphic Arts Community:

H . R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 96 Combination Offset-Sheetfed/Web Printers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $1.5 million, sales from $1.5 to $5 million, etc.; by product specialty - for example, Commercial and Advertising, Magazine and Periodical, etc.; and by percentage of web sales - for example, 0% to 11%, 21% to 41%, etc. Readers can compare their firm's operations with other firms having the same sales volume, product specialty or percentage of web sales in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H R Margolis Company

H. R. MARGOLIS COMPANY

PIA PRINTING INDUSTRIES OF AMERICA, INC.
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1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD........ 2

VALUE ADDED -- WHAT IT MEANS TO YOU........ 4- 5

CHAPTER 1 - BY SIZE OF FIRM. 6-19
  Report on Operations - Value Added = 100%........ 6- 7
  Supporting Schedules - Value Added = 100%........ 8- 9
  Report on Operations - Sales = 100%........ 10-11
  Supporting Schedules - Sales = 100%........ 10-13
  Balance Sheet........ 14-15
  Significant Facts........ 16-17
  Return on Investment - Per $100 of Sales........ 18-19

CHAPTER 2 - BY PRODUCT SPECIALTY........ 20-33
  Report on Operations - Value Added = 100%........ 20-21
  Supporting Schedules - Value Added = 100%........ 22-23
  Report on Operations - Sales = 100%........ 24-25
  Supporting Schedules - Sales = 100%........ 24-27
  Balance Sheet........ 28-29
  Significant Facts........ 30-31
  Return on Investment - Per $100 of Sales........ 32-33

CHAPTER 3 - BY PERCENTAGE OF WEB SALES........ 34-47
  Report on Operations - Value Added = 100%........ 34-35
  Supporting Schedules - Value Added = 100%........ 36-37
  Report on Operations - Sales = 100%........ 38-39
  Supporting Schedules - Sales = 100%........ 38-41
  Balance Sheet........ 42-43
  Significant Facts........ 44-45
  Return on Investment - Per $100 of Sales........ 46-47

ABSOLUTE DATA........ 48

1986 is the fourth year in which the annual PIA Financial Ratio Study has analyzed combination offset sheetfed/web plants—printing firms whose sales volume is composed of more than 20% web and more than 20% sheetfed jobs. Within the context of the PIA Financial Ratio Study, printers with less than 20% of sales made up of web jobs are classified as sheetfed printers; more then 80% web are classified as either web heatset or non-heatset printers. These particular printing operations are examined in Volumes V, VI, and VII of the study, respectively.

PIA's goal is to serve the needs of the printing industry; we are pleased at the response to this new part of the annual PIA Financial Ratio Study.

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.86	39.76	41.45
FACTORY EXPENSES	20.79	18.80	25.30
TOTAL FACTORY COST OF PRODUCT	64.65	58.56	66.75
GROSS PROFIT	35.35	41.44	33.25
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.52	10.91	15.45
Selling expenses	13.47	10.38	11.62
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.99	21.29	27.07
INCOME BEFORE INTEREST EXPENSE	9.36	20.15	6.18
Interest expense	3.84	2.51	1.27
OPERATING INCOME	5.52	17.64	4.91
Other income (expense)	1.90	3.70	(0.41)
INCOME BEFORE INCOME TAXES	7.42	21.34	4.50

* See page 10 for the definition of "Profit Leaders."
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X	X
X	X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
40.58	34.42	44.57	45.12	42.22	46.47	46.80
20.84	18.82	21.71	19.21	17.78	20.68	20.55
61.42	53.24	66.28	64.33	60.00	67.15	67.35
38.58	46.76	33.72	35.67	40.00	32.85	32.65
13.84	13.15	13.88	10.52	10.26	10.51	7.76
13.41	9.98	13.24	13.32	9.04	15.60	13.50
27.25	23.13	27.12	23.84	19.30	26.11	21.26
11.33	23.63	6.60	11.83	20.70	6.74	11.39
3.95	1.75	4.67	3.66	3.52	3.15	1.72
7.38	21.88	1.93	8.17	17.18	3.59	9.67
0.51	(2.00)	2.06	1.33	1.39	7.44	22.00
7.89	19.88	3.99	9.50	18.57	11.03	31.67

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.09%	3.25%	4.84%
Direct wages	29.38	25.72	30.64
General factory salaries and wages	3.08	2.94	0.21
Packing, shipping and delivery wages	1.70	1.60	0.81
Payroll taxes	2.76	2.54	2.62
Employee benefits	3.85	3.71	2.33
TOTAL FACTORY PAYROLL	43.86	39.76	41.45
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.59	0.67	0.14
Depreciation - other	5.34	5.47	7.34
Taxes - real estate	0.39	0.27	0.27
Taxes - other	0.30	0.32	0.45
Insurance	0.60	0.49	0.75
Building rent	1.53	0.87	3.61
Utilities - heat, light, etc.	2.10	2.11	1.75
Equipment rental	0.97	0.37	4.15
Total Fixed Expenses	11.82	10.57	18.46
Other Expenses			
Factory supplies and expense	3.34	3.18	2.94
Packing, shipping and delivery expense	1.99	1.69	1.50
Repairs and maintenance	2.62	2.71	1.73
Other factory expenses	1.02	0.65	0.67
Total Other Expenses	8.97	8.23	6.84
TOTAL FACTORY EXPENSES	20.79	18.80	25.30
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.31	2.98	5.59
Salaries - office	2.88	2.24	3.84
Payroll taxes	0.39	0.33	0.65
Employee benefits	0.77	0.79	0.52
Bad debts	0.84	0.65	0.10
Office supplies and expenses	0.66	0.52	1.03
Professional fees	0.76	0.74	0.51
Taxes - business	0.19	0.34	0.08
Telephone	0.62	0.56	0.63
Other administrative expenses	2.10	1.76	2.50
TOTAL ADMINISTRATIVE EXPENSES	12.52	10.91	15.45
SELLING EXPENSES			
Salaries - executive	1.73	1.27	1.82
Salaries and commissions - salesmen	6.72	5.00	6.13
Salaries - sales office clerical	1.24	1.35	0.56
Payroll taxes	0.49	0.39	0.71
Employee benefits	0.58	0.69	0.35
Advertising	0.52	0.32	0.62
Travel and entertainment	1.21	0.68	0.63
Other selling expenses	0.98	0.68	0.80
TOTAL SELLING EXPENSES	13.47	10.38	11.62

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.09%	2.72%	2.86%	2.99%	3.70%	3.16%	2.36%
27.50	21.60	30.44	29.52	27.07	29.55	31.69
2.65	2.71	2.72	3.95	3.61	3.77	2.37
1.94	1.59	1.66	1.56	1.49	2.20	2.11
1.94	2.20	3.13	2.89	2.55	3.20	3.39
3.46	3.60	3.76	4.21	3.80	4.59	4.88
40.58	34.42	44.57	45.12	42.22	46.47	46.80
0.86	0.92	0.75	0.34	0.33	0.50	1.10
5.09	4.37	5.39	5.35	5.78	4.89	6.47
0.31	0.16	0.48	0.40	0.22	0.29	0.66
0.24	0.32	0.29	0.34	0.47	0.23	0.00
0.71	0.59	0.61	0.48	0.31	0.65	0.74
1.64	1.78	1.69	1.08	0.52	1.23	0.25
1.55	1.31	2.37	2.07	2.37	2.79	3.15
0.83	0.66	0.70	0.96	0.23	0.44	0.32
11.23	10.11	12.28	11.02	10.23	11.02	12.69
2.78	3.88	3.39	3.38	2.48	4.48	3.23
2.63	1.86	2.24	1.49	1.44	1.64	1.72
3.22	2.56	2.65	2.39	2.53	2.36	2.78
0.98	0.41	1.15	0.93	1.10	1.18	0.13
9.61	8.71	9.43	8.19	7.55	9.66	7.86
20.84	18.82	21.71	19.21	17.78	20.68	20.55
4.07	3.78	3.79	2.40	2.68	1.98	2.12
2.71	1.90	3.01	2.63	2.72	3.12	1.85
0.33	0.36	0.45	0.33	0.30	0.35	0.24
0.96	0.85	0.67	0.80	0.97	0.69	0.44
0.79	0.58	1.33	0.65	0.72	0.56	0.30
0.68	0.86	0.87	0.47	0.29	0.41	0.37
0.86	0.55	0.82	0.64	0.62	0.83	1.22
0.23	0.49	0.19	0.23	0.27	0.09	0.19
0.76	0.62	0.68	0.48	0.44	0.62	0.45
2.45	3.16	2.07	1.89	1.25	1.86	0.58
13.84	13.15	13.88	10.52	10.26	10.51	7.76
1.96	1.21	1.91	1.24	1.08	2.26	1.88
6.47	4.31	6.28	7.08	4.09	7.72	7.79
1.28	1.78	1.19	1.31	1.04	1.37	1.24
0.45	0.41	0.55	0.43	0.30	0.49	0.44
0.71	1.22	0.54	0.48	0.36	0.82	0.69
0.67	0.42	0.52	0.38	0.19	0.56	0.53
1.03	0.39	1.50	1.19	0.73	1.11	0.71
0.84	0.24	0.75	1.21	1.25	1.27	0.22
13.41	9.98	13.24	13.32	9.04	15.60	13.50

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	28.89	27.87	23.69
Other chargeable materials	5.14	4.83	4.43
Outside services	7.47	8.70	5.61
TOTAL MATERIALS	41.50	41.40	33.73
FACTORY PAYROLL	25.77	23.19	27.45
FACTORY EXPENSES	12.07	10.91	16.75
TOTAL FACTORY COST OF PRODUCT	79.34	75.50	77.93
GROSS PROFIT	20.66	24.50	22.07
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.31	6.43	10.38
Selling expenses	7.82	6.10	7.50
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.13	12.53	17.88
INCOME BEFORE INTEREST EXPENSE	5.53	11.97	4.19
Interest expense	2.20	1.46	0.83
OPERATING INCOME	3.33	10.51	3.36
Other income (expense)	1.05	1.98	(0.25)
INCOME BEFORE INCOME TAXES	4.38	12.49	3.11

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	1.92%	2.21%	1.02%
Film	0.99	1.00	1.16
Plates	1.35	1.07	1.21
Other chargeable materials	0.88	0.55	1.04
TOTAL OTHER CHARGEABLE MATERIALS	5.14	4.83	4.43
OUTSIDE SERVICES			
Composition	0.77	1.37	0.29
Offset preparation	1.22	1.19	1.07
Printing	1.09	1.67	1.19
Binding	2.40	1.86	0.70
Other outside services	1.99	2.61	2.36
TOTAL OUTSIDE SERVICES	7.47	8.70	5.61

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
28.11	23.33	29.90	29.70	31.09	27.81	28.03
5.31	3.22	5.17	4.99	5.22	5.50	6.66
7.21	10.13	7.49	7.57	7.38	8.64	10.01
40.63	36.68	42.56	42.26	43.69	41.95	44.70
23.98	21.80	25.92	26.23	23.80	27.05	25.96
12.08	11.66	12.40	11.08	9.98	11.84	11.36
76.69	70.14	80.88	79.57	77.47	80.84	82.02
23.31	29.86	19.12	20.43	22.53	19.16	17.98
8.25	8.23	7.86	6.01	5.81	6.15	4.25
8.01	6.30	7.50	7.67	5.16	8.94	7.47
16.26	14.53	15.36	13.68	10.97	15.09	11.72
7.05	15.33	3.76	6.75	11.56	4.07	6.26
2.23	1.14	2.65	2.12	1.98	1.87	0.94
4.82	14.19	1.11	4.63	9.58	2.20	5.32
0.24	(1.40)	1.13	0.75	0.78	4.18	12.22
5.06	12.79	2.24	5.38	10.36	6.38	17.54

1.47%	1.11%	1.89%	2.12%	2.36%	2.68%	3.86%
1.16	0.99	0.74	1.01	1.06	1.16	0.77
1.35	1.01	1.78	1.11	1.01	1.10	1.27
1.33	0.11	0.76	0.75	0.79	0.56	0.76
5.31	3.22	5.17	4.99	5.22	5.50	6.66
1.37	2.69	0.69	0.70	0.67	0.34	0.64
0.61	0.53	1.32	1.76	2.39	0.69	0.56
2.19	3.46	0.55	1.00	0.98	0.60	0.22
0.74	0.84	3.20	2.54	2.21	4.00	3.22
2.30	2.61	1.73	1.57	1.13	3.01	5.37
7.21	10.13	7.49	7.57	7.38	8.64	10.01

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	1.81%	1.88%	3.13%
Direct wages	17.27	15.01	20.44
General factory salaries and wages	1.80	1.70	0.14
Packing, shipping and delivery wages	0.99	0.92	0.55
Payroll taxes	1.63	1.50	1.69
Employee benefits	2.27	2.18	1.50
TOTAL FACTORY PAYROLL	25.77	23.19	27.45
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.34	0.36	0.10
Depreciation - other	3.12	3.21	5.03
Taxes - real estate	0.22	0.15	0.20
Taxes - other	0.17	0.19	0.28
Insurance	0.34	0.28	0.50
Building rent	0.89	0.55	2.42
Utilities - heat, light, etc.	1.21	1.21	1.14
Equipment rental	0.57	0.21	2.55
Total Fixed Expenses	6.86	6.16	12.22
Other Expenses			
Factory supplies and expense	1.96	1.85	1.90
Packing, shipping and delivery expense	1.13	0.95	1.04
Repairs and maintenance	1.52	1.57	1.14
Other factory expenses	0.60	0.38	0.45
Total Other Expenses	5.21	4.75	4.53
TOTAL FACTORY EXPENSES	12.07	10.91	16.75
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.92	1.74	3.66
Salaries - office	1.68	1.28	2.60
Payroll taxes	0.23	0.20	0.42
Employee benefits	0.45	0.46	0.34
Bad debts	0.48	0.39	0.06
Office supplies and expenses	0.39	0.32	0.70
Professional fees	0.44	0.43	0.34
Taxes - business	0.12	0.21	0.05
Telephone	0.36	0.33	0.42
Other administrative expenses	1.24	1.07	1.79
TOTAL ADMINISTRATIVE EXPENSES	7.31	6.43	10.38
SELLING EXPENSES			
Salaries - executive	1.03	0.74	1.25
Salaries and commissions - salesmen	3.85	2.92	3.86
Salaries - sales office clerical	0.74	0.83	0.37
Payroll taxes	0.29	0.23	0.45
Employee benefits	0.34	0.41	0.23
Advertising	0.31	0.18	0.42
Travel and entertainment	0.69	0.40	0.41
Other selling expenses	0.57	0.39	0.51
TOTAL SELLING EXPENSES	7.82	6.10	7.50

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.79%	1.63%	1.63%	1.76%	2.11%	1.85%	1.30%
16.28	13.79	17.68	17.15	15.23	17.17	17.59
1.60	1.66	1.60	2.26	2.03	2.20	1.31
1.08	0.97	0.97	0.91	0.84	1.30	1.17
1.14	1.42	1.82	1.70	1.46	1.86	1.89
2.09	2.33	2.22	2.45	2.13	2.67	2.70
23.98	21.80	25.92	26.23	23.80	27.05	25.96
0.50	0.47	0.43	0.20	0.19	0.29	0.61
2.91	2.90	3.07	3.09	3.23	2.78	3.57
0.19	0.09	0.28	0.22	0.12	0.16	0.36
0.14	0.21	0.16	0.20	0.27	0.13	0.00
0.41	0.36	0.33	0.27	0.18	0.38	0.42
0.92	1.16	0.95	0.63	0.31	0.72	0.15
0.91	0.84	1.35	1.19	1.32	1.60	1.73
0.46	0.37	0.42	0.56	0.13	0.25	0.17
6.44	6.40	6.99	6.36	5.75	6.31	7.01
1.68	2.36	1.95	1.97	1.38	2.60	1.81
1.47	1.00	1.25	0.85	0.83	0.93	0.96
1.89	1.60	1.53	1.37	1.42	1.35	1.51
0.60	0.30	0.68	0.53	0.60	0.65	0.07
5.64	5.26	5.41	4.72	4.23	5.53	4.35
12.08	11.66	12.40	11.08	9.98	11.84	11.36
2.38	2.30	2.17	1.38	1.53	1.14	1.19
1.61	1.18	1.68	1.51	1.51	1.86	1.00
0.20	0.23	0.26	0.19	0.17	0.20	0.13
0.57	0.52	0.39	0.45	0.55	0.41	0.24
0.48	0.37	0.74	0.36	0.42	0.33	0.16
0.42	0.57	0.49	0.27	0.17	0.24	0.20
0.51	0.34	0.46	0.37	0.36	0.48	0.67
0.14	0.31	0.11	0.14	0.15	0.05	0.11
0.45	0.39	0.39	0.27	0.25	0.35	0.24
1.49	2.02	1.17	1.07	0.70	1.09	0.31
8.25	8.23	7.86	6.01	5.81	6.15	4.25
1.20	0.73	1.08	0.73	0.64	1.31	1.02
3.74	2.70	3.51	4.04	2.29	4.42	4.33
0.81	1.20	0.69	0.77	0.60	0.79	0.69
0.27	0.26	0.31	0.25	0.18	0.28	0.24
0.43	0.74	0.32	0.29	0.21	0.46	0.39
0.41	0.25	0.30	0.23	0.11	0.32	0.30
0.62	0.26	0.85	0.67	0.43	0.62	0.38
0.53	0.16	0.44	0.69	0.70	0.74	0.12
8.01	6.30	7.50	7.67	5.16	8.94	7.47

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	4.28%	7.53%	7.41%
Receivables	31.66	28.01	35.86
Inventories	14.17	12.80	12.65
Other current assets	4.26	8.56	2.50
TOTAL CURRENT ASSETS	54.37	56.90	58.42
FIXED ASSETS			
Real estate	12.08	11.80	6.43
Less: Accumulated depreciation	3.70	2.62	3.48
	8.38	9.18	2.95
Machinery and equipment	63.13	52.70	83.63
Less: Accumulated depreciation	32.35	26.24	51.24
	30.78	26.46	32.39
Other fixed assets	5.45	5.85	8.76
Less: Accumulated depreciation	2.73	2.40	4.48
	2.72	3.45	4.28
NET FIXED ASSETS	41.88	39.09	39.62
OTHER ASSETS	3.75	4.01	1.96
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	11.81	6.06	5.02
Accounts payable	14.18	10.40	13.59
Other current liabilities	9.05	10.61	4.87
TOTAL CURRENT LIABILITIES	35.04	27.07	23.48
LONG-TERM LIABILITIES	30.60	25.42	26.73
TOTAL LIABILITIES	65.64	52.49	50.21
SHAREHOLDERS' AND PROPRIETORS' EQUITY	34.36	47.51	49.79
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.55	2.10	2.49
QUICK RATIO	1.15	1.63	1.95
TOTAL LIABILITIES TO EQUITY	1.91	1.10	1.01
LONG-TERM LIABILITIES TO EQUITY	0.89	0.54	0.54
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.50	0.61

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
2.67%	4.09%	3.17%	6.05%	11.85%	3.86%	5.40%
30.19	30.28	32.37	31.44	26.67	31.60	22.46
13.76	9.88	14.84	13.79	14.04	15.10	13.41
8.96	15.44	2.84	2.38	2.56	4.55	10.80
55.58	59.69	53.22	53.66	55.12	55.11	52.07
10.53	7.56	13.34	13.07	13.30	11.75	16.10
3.64	2.30	4.36	3.61	2.45	2.40	3.59
6.89	5.26	8.98	9.46	10.85	9.35	12.51
63.91	59.12	64.89	61.01	49.17	52.80	48.91
32.54	28.09	32.51	31.86	24.62	23.55	23.96
31.37	31.03	32.38	29.15	24.55	29.25	24.95
7.36	7.16	5.12	3.89	3.37	5.39	9.16
3.93	3.17	2.67	1.84	0.98	2.23	3.73
3.43	3.99	2.45	2.05	2.39	3.16	5.43
41.69	40.28	43.81	40.66	37.79	41.76	42.89
2.73	0.03	2.97	5.68	7.09	3.13	5.04
100.00	100.00	100.00	100.00	100.00	100.00	100.00
10.58	5.42	14.98	11.67	7.16	9.50	1.80
15.44	13.56	15.63	12.86	8.24	11.62	8.59
9.51	6.57	8.17	9.30	12.37	11.86	17.29
35.53	25.55	38.78	33.83	27.77	32.98	27.68
32.40	21.37	30.11	32.99	34.40	22.57	11.17
67.93	46.92	68.89	66.82	62.17	55.55	38.85
32.07	53.08	31.11	33.18	37.83	44.45	61.15
100.00	100.00	100.00	100.00	100.00	100.00	100.00
1.56	2.37	1.37	1.59	1.98	1.67	1.88
1.18	1.95	0.99	1.18	1.48	1.21	1.40
2.12	0.88	2.21	2.01	1.64	1.25	0.64
1.01	0.40	0.97	0.99	0.91	0.51	0.18
0.51	0.48	0.50	0.52	0.50	0.45	0.49

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 48,315	$ 62,840	$ 25,187
Average assets per factory employee (Excluding Executives)	65,056	81,935	39,096
Average net worth per employee - All employees	16,438	29,916	12,191
Average gross plant investment per factory employee (Excluding Executives)	50,399	54,286	39,596
Net worth percentage of fixed assets	97.75%	142.27%	215.92%
EMPLOYEES			
Percent factory - All employees	79.02%	82.57%	70.47%
Percent administrative - All employees	10.06	8.27	15.21
Percent sales - All employees	10.92	9.16	14.32
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 85,143	$ 90,434	$ 57,777
Sales per factory employee	109,300	110,431	83,835
Sales less material per factory employee	62,560	64,507	54,585
Sales per administrative employee	1,037,002	1,281,901	397,203
EXCLUDING EXECUTIVES			
Sales per employee - All employees	92,492	99,463	67,140
Sales per factory employee	115,831	119,144	93,738
Sales less material per factory employee	66,313	69,596	60,779
SALES PER SALESMAN	957,798	1,022,245	318,648
SALES TO CURRENT ASSETS	361%	294%	426%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	36.31%	31.99%	40.63%
Factory payroll percentage of gross plant investment	66.00	55.22	86.27
Payroll per employee - All employees	$ 30,056	$ 28,813	$ 23,384
Payroll per factory employee	26,750	25,340	22,392
Payroll per administrative employee	37,830	41,611	26,845
Payroll per sales employee	52,489	51,051	27,181
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 23,607	$ 22,378	$ 18,446
Payroll per factory employee	21,897	20,544	18,630
Payroll per administrative employee	18,557	19,411	13,993
Payroll per sales employee	41,922	41,439	16,881
EXECUTIVE PAYROLL			
Payroll per executive - All executives	56,519	48,881	35,271
Payroll per factory executive	38,358	37,987	29,623
Payroll per administrative executive	75,370	80,732	41,213
Payroll per sales executive	62,028	55,834	27,287
RECEIVABLES			
Collection period	63.4	66.8	55.1
PROFIT			
Gross profit percentage of sales	20.66%	24.50%	22.07%
Average gross profit per factory employee	$ 24,276	$ 29,499	$ 20,432
Income before taxes percentage of sales	4.38%	12.49%	3.11%
Average income before taxes per employee	$ 3,811	$ 11,174	$ 1,574

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 41,407	$ 44,446	$ 44,733	$ 56,833	$ 74,722	$ 58,701	$ 72,684
57,880	60,690	61,210	74,352	97,090	75,779	87,400
11,743	23,026	14,076	19,213	30,332	26,900	44,374
44,748	43,250	51,259	54,517	58,435	53,058	65,626
97.36%	167.15%	78.54%	92.14%	117.83%	110.75%	150.82%
76.81%	80.36%	78.63%	81.46%	83.93%	81.61%	85.86%
10.98	9.44	10.77	8.41	7.96	8.65	6.04
12.21	10.20	10.60	10.13	8.11	9.74	8.10
$ 71,256	$ 82,467	$ 82,886	$ 95,849	$ 93,898	$ 102,512	$ 106,441
94,336	104,539	108,602	119,065	113,233	126,639	123,769
54,956	66,468	60,508	67,892	63,513	72,496	68,481
822,353	960,326	917,660	1,276,632	1,325,608	1,420,440	2,037,048
79,568	94,515	89,794	102,757	102,014	109,334	112,009
101,680	116,294	114,143	125,375	121,348	133,146	127,925
59,223	73,543	63,492	71,568	68,145	76,283	70,770
476,853	576,201	849,417	1,202,242	1,164,939	1,565,548	1,252,265
364%	357%	371%	350%	263%	328%	287%
35.20%	31.66%	36.34%	35.85%	31.50%	37.92%	35.17%
60.51	62.74	63.17	66.60	51.16	74.04	58.95
$ 23,997	$ 26,026	$ 29,154	$ 33,703	$ 29,281	$ 37,943	$ 36,829
21,291	22,294	26,085	29,902	26,500	33,033	31,738
33,065	36,779	37,545	41,419	46,473	43,482	45,804
41,541	48,470	48,682	57,089	40,041	85,629	92,529
$ 18,923	$ 20,186	$ 22,530	$ 26,904	$ 22,698	$ 29,282	$ 28,528
17,722	18,301	21,267	24,485	21,471	26,453	25,178
14,348	16,807	17,474	21,566	21,718	23,803	22,117
34,139	38,609	36,257	49,302	32,842	64,545	74,682
42,012	33,410	58,758	61,886	53,081	76,149	74,993
31,804	26,453	35,740	41,818	39,997	53,749	59,091
48,495	47,071	77,498	80,282	106,083	130,383	96,157
32,271	21,027	51,960	66,497	52,687	159,198	142,156
58.3	56.2	67.2	63.9	70.5	67.0	57.0
23.31%	29.86%	19.12%	20.43%	22.53%	19.16%	17.98%
$ 24,132	$ 35,383	$ 22,418	$ 26,276	$ 27,835	$ 25,512	$ 23,469
5.06%	12.79%	2.24%	5.38%	10.36%	6.38%	17.54%
$ 3,696	$ 10,302	$ 1,931	$ 5,259	$ 9,882	$ 5,953	$ 17,476

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO 1.5 MILLION**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 2.68	$ 6.25	$ 2.90
Receivables	16.78	17.67	14.65
Inventories	7.81	8.97	5.22
Marketable securities	0.70	2.14	0.19
Other current assets	1.78	3.94	0.72
	29.75	38.97	23.68
Plant Investment:			
Land and building	7.14	9.03	3.35
Machinery and equipment	34.58	33.84	43.67
Other fixed assets	2.96	3.83	3.48
	44.68	46.70	50.50
Non-Current Assets	2.33	3.79	0.65
TOTAL INVESTMENT	76.76	89.46	74.83
INVESTMENT TURNOVER PER $100 OF SALES	130.28%	111.78%	133.64%
EARNINGS			
Cost of Product	$79.34	$75.50	$77.93
Selling Expenses	7.82	6.10	7.50
Administrative Expenses	7.31	6.43	10.38
	94.47	88.03	95.81
Income Before Interest, Other Income (Expense), and Taxes	5.53	11.97	4.19
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.20%	13.38%	5.60%

** Sample insufficient for Profit Leaders.

SALES FROM $1.5 TO $5 MILLION		SALES FROM $5 TO $10 MILLION**	SALES FROM $10 TO $20 MILLION		SALES OVER $20 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 1.47	$ 2.09	$ 1.57	$ 4.62	$11.22	$ 2.30	$ 3.39
15.51	15.04	17.69	16.98	18.72	17.59	15.27
7.37	5.20	8.07	8.06	11.06	8.57	9.13
0.79	1.10	0.25	0.55	1.08	2.45	7.72
4.52	9.49	1.29	0.81	0.79	0.64	0.35
29.66	32.92	28.87	31.02	42.87	31.55	35.86
5.98	4.84	7.39	8.38	11.27	7.04	11.27
34.76	32.48	35.00	34.16	34.30	29.74	32.65
3.84	4.00	2.87	2.25	2.45	3.17	6.34
44.58	41.32	45.26	44.79	48.02	39.95	50.26
1.90	1.80	1.51	3.76	5.74	2.02	3.76
76.14	76.04	75.64	79.57	96.63	73.52	89.88
131.34%	131.51%	132.21%	125.68%	103.49%	136.02%	111.26%
$76.69	$70.14	$80.88	$79.57	$77.47	$80.84	$82.02
8.01	6.30	7.50	7.67	5.16	8.94	7.47
8.25	8.23	7.86	6.01	5.81	6.15	4.25
92.95	84.67	96.24	93.25	88.44	95.93	93.74
7.05	15.33	3.76	6.75	11.56	4.07	6.26
9.26%	20.16%	4.97%	8.48%	11.96%	5.54%	6.96%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.12	40.22	43.52	36.86
FACTORY EXPENSES	21.08	18.87	20.59	18.97
TOTAL FACTORY COST OF PRODUCT	64.20	59.09	64.11	55.83
GROSS PROFIT	35.80	40.91	35.89	44.17
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	12.78	10.79	10.45	11.31
Selling expenses	14.38	11.60	10.63	9.64
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	27.16	22.39	21.08	20.95
INCOME BEFORE INTEREST EXPENSE	8.64	18.52	14.81	23.22
Interest expense	3.97	2.86	3.65	2.45
OPERATING INCOME (LOSS)	4.67	15.66	11.16	20.77
Other income (expense)	2.14	5.99	1.09	1.65
INCOME BEFORE INCOME TAXES	6.81	21.65	12.25	22.42

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X
X	X	X	X
100.00%	100.00%	100.00%	100.00%
47.36	46.38	37.98	49.53
18.95	21.47	20.45	18.92
66.31	67.85	58.43	68.45
33.69	32.15	41.57	31.55
13.68	12.53	12.30	12.63
10.93	11.32	9.81	13.80
24.61	23.85	22.11	26.43
9.08	8.30	19.46	5.12
1.61	3.88	1.97	5.31
7.47	4.42	17.49	(0.19)
(0.07)	2.18	1.46	1.20
7.40	6.60	18.95	1.01

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.96%	3.04%	3.04%	3.80%
Direct wages	29.25	27.22	28.97	23.00
General factory salaries and wages	3.16	2.60	3.28	2.68
Packing, shipping and delivery wages	1.58	1.76	1.06	1.40
Payroll taxes	2.73	2.48	3.22	2.91
Employee benefits	3.44	3.12	3.95	3.07
TOTAL FACTORY PAYROLL	43.12	40.22	43.52	36.86
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.64	0.91	0.45	0.14
Depreciation - other	5.32	4.93	5.36	5.49
Taxes - real estate	0.42	0.34	0.18	0.06
Taxes - other	0.32	0.33	0.25	0.21
Insurance	0.66	0.66	0.25	0.16
Building rent	1.75	1.06	1.08	1.20
Utilities - heat, light, etc.	2.10	2.05	2.23	2.33
Equipment rental	1.06	0.20	1.78	1.02
Total Fixed Expenses	12.27	10.48	11.58	10.61
Other Expenses				
Factory supplies and expense	3.28	3.38	4.37	3.61
Packing, shipping and delivery expense	2.13	2.20	0.84	1.11
Repairs and maintenance	2.39	2.25	2.32	2.37
Other factory expenses	1.01	0.56	1.48	1.27
Total Other Expenses	8.81	8.39	9.01	8.36
TOTAL FACTORY EXPENSES	21.08	18.87	20.59	18.97
ADMINISTRATIVE EXPENSES				
Salaries - executive	3.55	3.37	3.25	3.61
Salaries - office	2.86	1.83	2.63	3.03
Payroll taxes	0.38	0.25	0.39	0.47
Employee benefits	0.75	0.54	0.73	1.06
Bad debts	0.83	0.60	0.45	0.67
Office supplies and expenses	0.67	0.46	0.36	0.30
Professional fees	0.74	0.96	0.46	0.37
Taxes - business	0.20	0.34	0.06	0.00
Telephone	0.62	0.47	0.64	0.59
Other administrative expenses	2.18	1.97	1.48	1.21
TOTAL ADMINISTRATIVE EXPENSES	12.78	10.79	10.45	11.31
SELLING EXPENSES				
Salaries - executive	1.85	1.40	1.10	0.74
Salaries and commissions - salesmen	7.56	6.45	4.11	3.62
Salaries - sales office clerical	1.14	1.11	2.03	2.41
Payroll taxes	0.50	0.43	0.46	0.31
Employee benefits	0.54	0.57	1.02	1.55
Advertising	0.60	0.44	0.40	0.15
Travel and entertainment	1.26	0.37	0.93	0.66
Other selling expenses	0.93	0.83	0.58	0.20
TOTAL SELLING EXPENSES	14.38	11.60	10.63	9.64

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.36%	3.41%	4.49%	4.23%
29.77	30.99	20.86	29.59
2.38	2.65	5.19	3.23
4.79	1.61	1.07	2.29
1.33	2.96	2.55	3.64
5.73	4.76	3.82	6.55
47.36	46.38	37.98	49.53
0.72	0.33	0.51	0.62
5.64	5.50	5.90	4.92
0.24	0.31	0.24	0.50
0.30	0.26	0.50	0.19
0.41	0.69	0.55	0.50
0.00	1.34	0.25	1.31
1.19	2.12	2.08	2.51
0.07	0.51	0.40	0.41
8.57	11.06	10.43	10.96
2.97	3.95	4.33	2.59
2.27	1.74	1.82	2.49
4.13	3.81	3.79	2.03
1.01	0.91	0.08	0.85
10.38	10.41	10.02	7.96
18.95	21.47	20.45	18.92
3.71	2.30	2.20	2.76
3.14	2.84	1.92	3.47
0.27	0.45	0.48	0.36
0.90	0.96	1.68	0.81
0.76	1.55	1.15	0.26
1.03	0.79	0.56	0.35
1.06	1.02	1.15	0.84
0.24	0.30	1.16	0.08
0.86	0.67	0.95	0.50
1.71	1.65	1.05	3.20
13.68	12.53	12.30	12.63
1.79	1.34	1.00	2.09
4.27	5.11	5.43	5.94
0.12	1.60	0.73	1.42
0.35	0.51	0.53	0.53
0.43	0.55	0.31	0.99
0.98	0.10	0.13	0.25
0.72	1.27	1.61	1.21
2.27	0.84	0.07	1.37
10.93	11.32	9.81	13.80

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	29.07	29.88	28.42	28.98
Other chargeable materials	5.31	4.90	4.19	4.95
Outside services	7.70	7.81	7.69	11.60
TOTAL MATERIALS	42.08	42.59	40.30	45.53
FACTORY PAYROLL	25.06	23.01	26.29	19.91
FACTORY EXPENSES	12.15	10.76	12.33	10.37
TOTAL FACTORY COST OF PRODUCT	79.29	76.36	78.92	75.81
GROSS PROFIT	20.71	23.64	21.08	24.19
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	7.40	6.25	6.19	6.13
Selling expenses	8.28	6.66	6.32	5.51
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.68	12.91	12.51	11.64
INCOME BEFORE INTEREST EXPENSE	5.03	10.73	8.57	12.55
Interest expense	2.26	1.61	2.24	1.39
OPERATING INCOME	2.77	9.12	6.33	11.16
Other income (expense)	1.18	3.12	0.58	0.90
INCOME BEFORE INCOME TAXES	3.95	12.24	6.91	12.06

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	2.03%	2.41%	1.38%	1.57%
Film	0.98	0.98	1.05	1.24
Plates	1.39	1.24	1.23	1.06
Other chargeable materials	0.91	0.27	0.53	1.08
TOTAL OTHER CHARGEABLE MATERIALS	5.31	4.90	4.19	4.95
OUTSIDE SERVICES				
Composition	0.64	0.41	2.78	7.18
Offset preparation	1.40	1.04	0.95	1.59
Printing	1.23	2.05	0.38	0.54
Binding	2.53	2.21	0.92	2.02
Other outside services	1.90	2.10	2.66	0.27
TOTAL OUTSIDE SERVICES	7.70	7.81	7.69	11.60

** Sample insufficient for Profit Leaders.
*** Information not submitted.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
28.39	31.01	28.31	27.50
5.18	4.94	4.63	4.66
2.50	8.03	9.25	5.17
36.07	43.98	42.19	37.33
30.14	26.32	21.90	31.27
12.01	11.88	11.83	11.70
78.22	82.18	75.92	80.30
21.78	17.82	24.08	19.70
8.78	6.93	7.12	7.89
7.09	6.32	5.70	8.48
15.87	13.25	12.82	16.37
5.91	4.57	11.26	3.33
1.02	2.02	1.13	3.26
4.89	2.55	10.13	0.07
(0.07)	1.22	0.84	0.79
4.82	3.77	10.97	0.86

1.66%	1.09%	1.95%	2.37%
1.70	0.92	0.00	0.63
1.41	1.56	1.25	1.15
0.41	1.37	1.43	0.51
5.18	4.94	4.63	4.66
0.39	0.45		1.71
0.43	0.39		0.32
0.62	0.57		1.52
0.07	4.70		1.38
0.99	1.92		0.24
2.50	8.03	***	5.17

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.73%	1.73%	1.74%	2.09%
Direct wages	17.00	15.59	17.73	12.44
General factory salaries and wages	1.82	1.44	1.89	1.40
Packing, shipping and delivery wages	0.91	0.99	0.62	0.78
Payroll taxes	1.59	1.45	1.94	1.59
Employee benefits	2.01	1.81	2.37	1.61
TOTAL FACTORY PAYROLL	25.06	23.01	26.29	19.91
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.37	0.47	0.29	0.08
Depreciation - other	3.07	2.89	3.20	2.99
Taxes - real estate	0.24	0.19	0.11	0.03
Taxes - other	0.18	0.19	0.14	0.12
Insurance	0.37	0.38	0.16	0.09
Building rent	1.02	0.65	0.64	0.69
Utilities - heat, light, etc.	1.21	1.19	1.30	1.23
Equipment rental	0.63	0.10	1.02	0.58
Total Fixed Expenses	7.09	6.06	6.86	5.81
Other Expenses				
Factory supplies and expense	1.90	1.92	2.64	1.97
Packing, shipping and delivery expense	1.21	1.21	0.50	0.63
Repairs and maintenance	1.37	1.27	1.37	1.27
Other factory expenses	0.58	0.30	0.96	0.69
Total Other Expenses	5.06	4.70	5.47	4.56
TOTAL FACTORY EXPENSES	12.15	10.76	12.33	10.37
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.05	1.94	1.93	2.00
Salaries - office	1.67	1.07	1.53	1.59
Payroll taxes	0.22	0.15	0.22	0.25
Employee benefits	0.43	0.32	0.42	0.57
Bad debts	0.47	0.35	0.29	0.38
Office supplies and expenses	0.39	0.28	0.21	0.16
Professional fees	0.43	0.56	0.28	0.21
Taxes - business	0.12	0.21	0.04	0.00
Telephone	0.36	0.27	0.38	0.32
Other administrative expenses	1.26	1.10	0.89	0.65
TOTAL ADMINISTRATIVE EXPENSES	7.40	6.25	6.19	6.13
SELLING EXPENSES				
Salaries - executive	1.09	0.82	0.65	0.42
Salaries and commissions - salesmen	4.31	3.69	2.42	2.08
Salaries - sales office clerical	0.67	0.64	1.19	1.38
Payroll taxes	0.29	0.26	0.27	0.18
Employee benefits	0.32	0.34	0.60	0.89
Advertising	0.35	0.24	0.26	0.08
Travel and entertainment	0.71	0.21	0.57	0.37
Other selling expenses	0.54	0.46	0.36	0.11
TOTAL SELLING EXPENSES	8.28	6.66	6.32	5.51

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.08%	1.90%	2.60%	2.64%
19.16	17.53	12.06	18.68
1.52	1.56	2.97	2.01
2.80	0.92	0.62	1.47
0.89	1.68	1.47	2.31
3.69	2.73	2.18	4.16
30.14	26.32	21.90	31.27
0.47	0.19	0.30	0.37
3.69	2.99	3.41	2.97
0.15	0.18	0.14	0.29
0.20	0.14	0.28	0.13
0.27	0.36	0.32	0.31
0.00	0.68	0.14	0.84
0.76	1.19	1.20	1.54
0.05	0.30	0.23	0.24
5.59	6.03	6.02	6.69
1.87	2.31	2.50	1.64
1.31	0.90	1.06	1.59
2.60	2.16	2.20	1.24
0.64	0.48	0.05	0.54
6.42	5.85	5.81	5.01
12.01	11.88	11.83	11.70
2.41	1.28	1.28	1.69
1.98	1.51	1.11	2.21
0.18	0.25	0.28	0.23
0.57	0.56	0.96	0.50
0.49	0.86	0.67	0.16
0.67	0.45	0.32	0.22
0.67	0.56	0.67	0.52
0.16	0.17	0.67	0.05
0.54	0.37	0.56	0.31
1.11	0.92	0.60	2.00
8.78	6.93	7.12	7.89
1.17	0.77	0.58	1.33
2.76	2.75	3.15	3.60
0.08	0.95	0.43	0.85
0.23	0.29	0.31	0.33
0.28	0.31	0.18	0.61
0.64	0.06	0.08	0.16
0.44	0.71	0.93	0.75
1.49	0.48	0.04	0.85
7.09	6.32	5.70	8.48

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.17%	5.31%	9.47%	21.36%
Receivables	31.04	27.49	36.31	33.50
Inventories	13.68	11.84	17.67	18.56
Other current assets	4.00	8.23	0.62	0.34
TOTAL CURRENT ASSETS	52.89	52.87	64.07	73.76
FIXED ASSETS				
Real estate	11.68	12.39	11.54	5.68
Less: Accumulated depreciation	3.27	1.96	4.25	0.27
	8.41	10.43	7.29	5.41
Machinery and equipment	64.12	54.60	61.00	43.63
Less: Accumulated depreciation	31.96	25.61	32.73	18.14
	32.16	28.99	28.27	25.49
Other fixed assets	4.93	4.19	5.05	5.57
Less: Accumulated depreciation	2.64	2.15	2.32	0.69
	2.29	2.04	2.73	4.88
NET FIXED ASSETS	42.86	41.46	38.29	35.78
OTHER ASSETS	4.25	5.67	(2.36)	(9.54)
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	12.10	7.76	8.23	3.87
Accounts payable	14.09	9.62	12.33	10.60
Other current liabilities	8.85	14.47	8.42	4.71
TOTAL CURRENT LIABILITIES	35.04	31.85	28.98	19.18
LONG-TERM LIABILITIES	31.57	25.35	28.68	22.81
TOTAL LIABILITIES	66.61	57.20	57.66	41.99
SHAREHOLDERS' AND PROPRIETORS' EQUITY	33.39	42.80	42.34	58.01
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.51	1.66	2.21	3.85
QUICK RATIO	1.12	1.29	1.60	2.88
TOTAL LIABILITIES TO EQUITY	1.99	1.34	1.36	0.72
LONG-TERM LIABILITIES TO EQUITY	0.95	0.59	0.68	0.39
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.50	0.47	0.54	0.42

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
7.66%	1.61%	1.79%	1.63%
25.29	39.02	32.97	27.99
11.49	16.71	14.33	15.63
8.26	1.75	4.56	3.03
52.70	59.09	53.65	48.28
24.06	10.04	10.74	15.35
9.27	3.92	3.59	4.20
14.79	6.12	7.15	11.15
61.33	61.05	48.59	62.16
36.76	35.35	29.44	28.52
24.57	25.70	19.15	33.64
6.48	6.95	4.91	7.33
2.55	3.19	3.29	3.50
3.93	3.76	1.62	3.83
43.29	35.58	27.92	48.62
4.01	5.33	18.43	3.10
100.00	100.00	100.00	100.00
10.09	16.23	8.51	10.19
14.24	16.29	10.36	16.72
3.95	11.53	6.75	11.09
28.28	44.05	25.62	38.00
16.33	28.45	34.05	38.96
44.61	72.50	59.67	76.96
55.39	27.50	40.33	23.04
100.00	100.00	100.00	100.00
1.86	1.34	2.09	1.27
1.46	0.96	1.53	0.86
0.81	2.64	1.48	3.34
0.29	1.03	0.84	1.69
0.60	0.58	0.61	0.46

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 50,025	$ 63,286	$ 54,774	$ 74,789
Average assets per factory employee (Excluding Executives)	67,074	83,549	76,068	101,034
Average net worth per employee - All employees	16,104	26,545	26,219	46,101
Average gross plant investment per factory employee (Excluding Executives)	52,656	57,080	50,018	51,353
Net worth percentage of fixed assets	91.94%	109.38%	137.10%	205.52%
EMPLOYEES				
Percent factory - All employees	78.63%	81.53%	79.71%	80.52%
Percent administrative - All employees	10.06	7.78	9.90	10.73
Percent sales - All employees	11.31	10.69	10.39	8.75
SALES - VALUE OF PRODUCT PRODUCED				
INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 89,342	$ 94,066	$ 87,378	$ 100,868
Sales per factory employee	114,970	116,624	112,703	125,698
Sales less material per factory employee	65,343	67,820	66,100	68,420
Sales per administrative employee	1,121,485	1,481,030	975,838	983,827
EXCLUDING EXECUTIVES				
Sales per employee - All employees	96,514	102,032	98,465	118,174
Sales per factory employee	121,001	123,748	125,365	145,950
Sales less material per factory employee	68,822	72,016	73,294	79,833
SALES PER SALESMAN	914,070	898,512	1,087,937	1,266,771
SALES TO CURRENT ASSETS	371%	314%	311%	227%
PAYROLL - INCLUDING TAXES AND BENEFITS				
INCLUDING EXECUTIVES				
Total payroll percentage of sales	36.11%	32.24%	35.53%	29.26%
Factory payroll percentage of gross plant investment	64.73	53.04	66.19	60.40
Payroll per employee - All employees	$ 31,450	$ 30,436	$ 30,333	$ 29,474
Payroll per factory employee	27,572	27,000	27,893	24,976
Payroll per administrative employee	40,241	41,945	38,529	42,886
Payroll per sales employee	56,602	53,855	40,211	35,775
PAYROLL - EXCLUDING TAXES AND BENEFITS				
EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 24,792	$ 24,075	$ 23,863	$ 22,955
Payroll per factory employee	22,728	22,203	23,028	20,785
Payroll per administrative employee	18,997	18,257	19,944	20,799
Payroll per sales employee	45,685	45,947	32,502	28,718
EXECUTIVE PAYROLL				
Payroll per executive - All executives	62,166	54,764	50,344	38,674
Payroll per factory executive	41,254	42,957	28,774	28,376
Payroll per administrative executive	83,915	100,208	62,459	62,562
Payroll per sales executive	66,807	61,460	41,312	29,153
RECEIVABLES				
Collection period	62.3	65.7	68.4	65.3
PROFIT				
Gross profit percentage of sales	20.71%	23.64%	21.08%	24.19%
Average gross profit per factory employee	$ 25,380	$ 30,159	$ 27,634	$ 35,914
Income before taxes percentage of sales	3.95%	12.24%	6.91%	12.06%
Average income before taxes per employee	$ 3,581	$ 11,483	$ 6,581	$ 12,238

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 26,166	$ 39,751	$ 61,946	$ 44,767
34,251	54,579	81,468	65,301
15,652	11,287	23,632	9,934
32,135	39,330	51,368	58,135
135.32%	88.55%	142.19%	51.47%
80.39%	79.03%	81.54%	76.81%
10.65	9.96	7.99	12.46
8.96	11.01	10.47	10.73
$ 46,648	$ 75,866	$ 78,768	$ 71,651
58,098	98,187	95,621	94,736
37,587	53,148	55,192	58,470
459,299	840,766	1,161,280	600,332
51,327	82,936	86,833	80,155
60,489	104,989	103,683	103,818
39,110	56,717	59,858	64,049
336,302	1,236,060	1,273,228	1,030,860
364%	355%	257%	344%
39.81%	34.99%	30.19%	42.62%
66.30	73.89	45.58	66.53
$ 18,317	$ 25,650	$ 24,070	$ 30,138
17,487	24,259	21,407	28,155
22,376	30,453	44,559	26,640
25,062	33,157	32,025	63,437
$ 14,088	$ 20,025	$ 17,652	$ 22,665
14,026	19,358	16,441	21,701
14,331	15,981	17,009	15,049
16,863	27,893	26,660	42,569
26,923	38,445	35,384	45,558
26,186	31,970	30,987	31,610
25,478	49,049	59,562	70,869
37,815	34,629	34,191	89,889
52.5	74.9	102.7	62.7
21.78%	17.82%	24.08%	19.70%
$ 13,667	$ 18,940	$ 24,543	$ 20,834
4.82%	3.77%	10.97%	0.86%
$ 2,912	$ 2,868	$ 8,392	$ 133

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.41	$ 4.42	$ 8.52	$19.42
Receivables	16.51	17.50	18.41	17.60
Inventories	7.46	8.12	10.57	13.83
Marketable securities	0.81	3.47	0.00	0.00
Other current assets	1.34	1.62	0.32	0.15
	28.53	35.13	37.82	51.00
Plant Investment:				
Land and building	7.02	10.31	6.58	4.87
Machinery and equipment	34.89	33.59	33.63	29.63
Other fixed assets	2.56	2.40	3.01	3.97
	44.47	46.30	43.22	38.47
Non-Current Assets	2.49	4.41	(0.42)	(3.27)
TOTAL INVESTMENT	75.49	85.84	80.62	86.20
INVESTMENT TURNOVER PER $100 OF SALES	132.47%	116.50%	124.04%	116.00%
EARNINGS				
Cost of Product	$79.29	$76.36	$78.92	$75.81
Selling Expenses	8.28	6.66	6.32	5.51
Administrative Expenses	7.40	6.25	6.19	6.13
	94.97	89.27	91.43	87.45
Income Before Interest, Other Income (Expense), and Taxes	5.03	10.73	8.57	12.55
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.66%	12.50%	10.63%	14.56%

** Sample insufficient for Profit Leaders.

NEWSPAPER**	BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 4.39	$ 0.86	$ 1.42	$ 0.89
13.48	19.46	25.82	16.93
6.09	8.49	11.22	10.00
0.84	0.00	0.00	0.34
2.82	1.08	3.55	1.58
27.62	29.89	42.01	29.74
13.74	5.16	8.42	9.83
33.01	31.77	38.10	39.31
3.61	3.55	3.83	4.83
50.36	40.48	50.35	53.97
2.50	3.61	14.60	1.67
80.48	73.98	106.96	85.38
124.25%	135.17%	93.49%	117.12%
$78.22	$82.18	$75.92	$80.30
7.09	6.32	5.70	8.48
8.78	6.93	7.12	7.89
94.09	95.43	88.74	96.67
5.91	4.57	11.26	3.33
7.34%	6.18%	10.53%	3.90%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	47.69	42.48	33.67
FACTORY EXPENSES	24.43	20.08	17.60
TOTAL FACTORY COST OF PRODUCT	72.12	62.56	51.27
GROSS PROFIT	27.88	37.44	48.73
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.18	12.28	13.25
Selling expenses	10.01	15.37	11.91
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	17.19	27.65	25.16
INCOME BEFORE INTEREST EXPENSE	10.69	9.79	23.57
Interest expense	6.14	3.90	2.85
OPERATING INCOME	4.55	5.89	20.72
Other income (expense)	2.89	0.77	(2.73)
INCOME BEFORE INCOME TAXES	7.44	6.66	17.99

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
44.84	40.38	45.08	45.83	41.31
21.14	19.14	20.61	18.63	25.92
65.98	59.52	65.69	64.46	67.23
34.02	40.48	34.31	35.54	32.77
12.58	9.76	13.44	9.89	11.26
12.60	13.35	11.93	5.82	10.47
25.18	23.11	25.37	15.71	21.73
8.84	17.37	8.94	19.83	11.04
3.74	3.37	3.58	1.13	4.54
5.10	14.00	5.36	18.70	6.50
4.33	10.68	1.16	1.09	0.33
9.43	24.68	6.52	19.79	6.83

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	0.15%	2.98%	3.28%
Direct wages	32.23	28.81	22.24
General factory salaries and wages	6.23	3.11	1.77
Packing, shipping and delivery wages	1.86	1.50	1.34
Payroll taxes	1.94	2.70	2.37
Employee benefits	5.28	3.38	2.67
TOTAL FACTORY PAYROLL	47.69	42.48	33.67
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.37	0.06
Depreciation - other	8.47	5.24	5.08
Taxes - real estate	0.51	0.37	0.11
Taxes - other	0.00	0.31	0.33
Insurance	0.62	0.57	0.47
Building rent	3.24	1.62	2.49
Utilities - heat, light, etc.	1.62	1.87	1.40
Equipment rental	1.19	1.25	0.67
Total Fixed Expenses	15.65	11.60	10.61
Other Expenses			
Factory supplies and expense	1.56	3.35	2.83
Packing, shipping and delivery expense	2.03	1.83	1.52
Repairs and maintenance	3.83	2.38	2.10
Other factory expenses	1.36	0.92	0.54
Total Other Expenses	8.78	8.48	6.99
TOTAL FACTORY EXPENSES	24.43	20.08	17.60
ADMINISTRATIVE EXPENSES			
Salaries - executive	0.69	3.49	4.34
Salaries - office	2.76	2.71	1.71
Payroll taxes	0.03	0.41	0.41
Employee benefits	0.20	0.77	0.74
Bad debts	1.07	0.61	0.65
Office supplies and expenses	0.13	0.69	0.66
Professional fees	0.42	0.70	0.66
Taxes - business	0.25	0.16	0.44
Telephone	0.56	0.55	0.59
Other administrative expenses	1.07	2.19	3.05
TOTAL ADMINISTRATIVE EXPENSES	7.18	12.28	13.25
SELLING EXPENSES			
Salaries - executive	2.73	1.70	1.35
Salaries and commissions - salesmen	3.37	7.99	5.30
Salaries - sales office clerical	0.86	1.52	2.23
Payroll taxes	0.16	0.55	0.52
Employee benefits	0.40	0.62	1.36
Advertising	0.38	0.55	0.22
Travel and entertainment	1.26	1.36	0.54
Other selling expenses	0.85	1.08	0.39
TOTAL SELLING EXPENSES	10.01	15.37	11.91

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.39%	3.32%	3.12%	3.08%	3.64%
29.93	27.53	29.87	27.48	26.32
2.73	2.46	3.03	4.28	4.26
2.28	1.77	1.24	1.45	2.67
2.99	2.58	2.84	2.85	1.43
3.52	2.72	4.98	6.69	2.99
44.84	40.38	45.08	45.83	41.31
0.72	0.66	0.72	0.60	1.55
5.22	5.97	5.30	6.30	6.44
0.44	0.45	0.35	0.20	0.32
0.32	0.31	0.30	0.35	0.10
0.56	0.36	0.67	0.58	0.91
1.58	0.24	1.10	0.25	2.27
2.24	2.45	2.42	2.56	1.63
0.74	0.22	0.72	0.22	0.98
11.82	10.66	11.58	11.06	14.20
2.92	3.09	3.86	3.04	3.81
2.35	1.63	1.62	1.06	3.64
2.90	2.90	2.48	2.90	3.73
1.15	0.86	1.07	0.57	0.54
9.32	8.48	9.03	7.57	11.72
21.14	19.14	20.61	18.63	25.92
3.13	2.85	3.54	1.69	2.50
3.01	2.08	3.19	3.09	1.42
0.38	0.31	0.43	0.33	0.05
0.78	0.42	0.88	1.46	0.24
0.92	0.87	1.03	0.33	1.48
0.60	0.38	0.75	0.57	0.43
0.90	1.11	0.75	0.33	0.48
0.24	0.09	0.20	0.63	0.03
0.67	0.62	0.68	0.44	0.85
1.95	1.03	1.99	1.02	3.78
12.58	9.76	13.44	9.89	11.26
1.58	1.66	2.08	0.81	0.14
6.43	7.06	5.05	2.26	8.12
1.12	1.50	1.00	0.50	0.59
0.51	0.51	0.46	0.16	0.02
0.51	0.37	0.66	0.58	0.17
0.55	0.37	0.46	0.24	0.34
1.23	1.01	0.99	0.43	0.66
0.67	0.87	1.23	0.84	0.43
12.60	13.35	11.93	5.82	10.47

REPORT ON OPERATIONS - SALES = 100%

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	28.97	26.81	19.64
Other chargeable materials	4.71	4.87	3.31
Outside services	8.66	8.23	11.40
TOTAL MATERIALS	42.34	39.91	34.35
FACTORY PAYROLL	27.68	25.59	22.07
FACTORY EXPENSES	13.78	12.01	11.43
TOTAL FACTORY COST OF PRODUCT	83.80	77.51	67.85
GROSS PROFIT	16.20	22.49	32.15
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	4.01	7.35	8.57
Selling expenses	5.82	9.07	7.59
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	9.83	16.42	16.16
INCOME BEFORE INTEREST EXPENSE	6.37	6.07	15.99
Interest expense	3.54	2.32	1.86
OPERATING INCOME	2.83	3.75	14.13
Other income (expense)	1.62	0.39	(1.89)
INCOME BEFORE INCOME TAXES	4.45	4.14	12.24

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS			
Ink	2.83%	1.54%	0.90%
Film	1.35	1.05	1.07
Plates	0.50	1.04	1.04
Other chargeable materials	0.03	1.24	0.30
TOTAL OTHER CHARGEABLE MATERIALS	4.71	4.87	3.31
OUTSIDE SERVICES			
Composition	0.44	0.91	3.25
Offset preparation	0.00	1.41	0.65
Printing	5.99	1.23	3.53
Binding	0.84	2.37	0.99
Other outside services	1.39	2.31	2.98
TOTAL OUTSIDE SERVICES	8.66	8.23	11.40

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
28.60	29.63	30.62	30.03	45.13
5.04	5.41	5.37	5.40	8.16
7.52	8.71	6.34	7.09	5.21
41.16	43.75	42.33	42.52	58.50
26.62	22.71	26.07	26.36	17.01
12.39	10.72	11.85	10.74	10.46
80.17	77.18	80.25	79.62	85.97
19.83	22.82	19.75	20.38	14.03
7.42	5.55	7.69	5.69	4.85
7.37	7.50	6.87	3.43	4.18
14.79	13.05	14.56	9.12	9.03
5.04	9.77	5.19	11.26	5.00
2.14	1.85	2.07	0.65	1.58
2.90	7.92	3.12	10.61	3.42
2.48	5.95	0.62	0.65	0.16
5.38	13.87	3.74	11.26	3.58

1.93%	2.91%	2.23%	2.43%	4.23%
0.96	0.76	1.02	1.19	0.33
1.53	1.07	1.56	1.03	2.63
0.62	0.67	0.56	0.75	0.97
5.04	5.41	5.37	5.40	8.16
0.86	0.79	0.38	0.14	1.26
1.29	1.60	0.95	1.88	0.67
0.65	0.48	0.87	1.55	1.57
2.68	2.51	2.62	2.71	0.51
2.04	3.33	1.52	0.81	1.20
7.52	8.71	6.34	7.09	5.21

SUPPORTING SCHEDULES - SALES = 100%

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	0.08%	1.79%	2.06%
Direct wages	18.40	17.39	14.63
General factory salaries and wages	3.84	1.85	1.25
Packing, shipping and delivery wages	1.03	0.89	0.86
Payroll taxes	1.20	1.63	1.56
Employee benefits	3.13	2.04	1.71
TOTAL FACTORY PAYROLL	27.68	25.59	22.07
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.00	0.23	0.03
Depreciation - other	4.65	3.11	3.30
Taxes - real estate	0.31	0.21	0.07
Taxes - other	0.00	0.18	0.21
Insurance	0.35	0.34	0.31
Building rent	1.82	0.97	1.61
Utilities - heat, light, etc.	0.95	1.11	0.91
Equipment rental	0.74	0.76	0.39
Total Fixed Expenses	8.82	6.91	6.83
Other Expenses			
Factory supplies and expense	0.97	2.02	1.88
Packing, shipping and delivery expense	1.08	1.07	0.95
Repairs and maintenance	2.14	1.44	1.39
Other factory expenses	0.77	0.57	0.38
Total Other Expenses	4.96	5.10	4.60
TOTAL FACTORY EXPENSES	13.78	12.01	11.43
ADMINISTRATIVE EXPENSES			
Salaries - executive	0.37	2.09	2.71
Salaries - office	1.55	1.63	1.10
Payroll taxes	0.02	0.24	0.26
Employee benefits	0.12	0.45	0.45
Bad debts	0.58	0.37	0.44
Office supplies and expenses	0.08	0.41	0.45
Professional fees	0.24	0.41	0.42
Taxes - business	0.13	0.10	0.28
Telephone	0.32	0.33	0.38
Other administrative expenses	0.60	1.32	2.08
TOTAL ADMINISTRATIVE EXPENSES	4.01	7.35	8.57
SELLING EXPENSES			
Salaries - executive	1.59	1.01	0.80
Salaries and commissions - salesmen	1.90	4.70	3.40
Salaries - sales office clerical	0.54	0.92	1.49
Payroll taxes	0.10	0.32	0.33
Employee benefits	0.24	0.37	0.81
Advertising	0.24	0.33	0.15
Travel and entertainment	0.74	0.79	0.37
Other selling expenses	0.47	0.63	0.24
TOTAL SELLING EXPENSES	5.82	9.07	7.59

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.02%	1.90%	1.81%	1.72%	1.45%
17.75	15.45	17.27	15.81	10.76
1.62	1.40	1.75	2.41	1.88
1.34	0.98	0.73	0.86	1.05
1.77	1.47	1.63	1.63	0.54
2.12	1.51	2.88	3.93	1.33
26.62	22.71	26.07	26.36	17.01
0.43	0.37	0.40	0.37	0.71
3.07	3.31	3.09	3.66	2.34
0.26	0.24	0.21	0.12	0.15
0.18	0.18	0.18	0.21	0.05
0.32	0.20	0.37	0.34	0.35
0.95	0.14	0.64	0.14	0.77
1.31	1.38	1.36	1.43	0.65
0.45	0.12	0.41	0.13	0.39
6.97	5.94	6.66	6.40	5.41
1.72	1.76	2.23	1.75	1.72
1.36	0.92	0.93	0.60	1.53
1.68	1.63	1.42	1.67	1.56
0.66	0.47	0.61	0.32	0.24
5.42	4.78	5.19	4.34	5.05
12.39	10.72	11.85	10.74	10.46
1.84	1.63	2.06	0.96	0.96
1.76	1.17	1.80	1.74	0.65
0.22	0.18	0.24	0.19	0.02
0.47	0.24	0.50	0.84	0.11
0.53	0.50	0.57	0.20	0.68
0.35	0.22	0.43	0.35	0.18
0.53	0.63	0.43	0.19	0.20
0.14	0.05	0.12	0.37	0.01
0.40	0.35	0.39	0.26	0.36
1.18	0.58	1.15	0.59	1.68
7.42	5.55	7.69	5.69	4.85
0.96	0.94	1.20	0.50	0.06
3.69	3.95	2.87	1.30	3.13
0.66	0.86	0.59	0.30	0.27
0.30	0.29	0.27	0.09	0.01
0.31	0.21	0.38	0.35	0.08
0.33	0.21	0.27	0.15	0.15
0.72	0.57	0.55	0.25	0.29
0.40	0.47	0.74	0.49	0.19
7.37	7.50	6.87	3.43	4.18

BALANCE SHEET

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	0.00%	4.35%	4.43%
Receivables	27.93	33.48	35.16
Inventories	19.35	13.26	11.94
Other current assets	0.74	5.10	17.45
TOTAL CURRENT ASSETS	48.02	56.19	68.98
FIXED ASSETS			
Real estate	1.32	11.04	0.87
Less: Accumulated depreciation	1.02	3.14	0.53
	0.30	7.90	0.34
Machinery and equipment	82.81	65.11	60.07
Less: Accumulated depreciation	32.75	35.51	30.06
	50.06	29.60	30.01
Other fixed assets	1.35	5.74	6.56
Less: Accumulated depreciation	1.06	3.05	3.14
	0.29	2.69	3.42
NET FIXED ASSETS	50.65	40.19	33.77
OTHER ASSETS	1.33	3.62	(2.75)
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.65	10.75	5.90
Accounts payable	14.77	14.65	9.73
Other current liabilities	25.45	7.92	10.24
TOTAL CURRENT LIABILITIES	49.87	33.33	25.87
LONG-TERM LIABILITIES	37.40	33.42	26.06
TOTAL LIABILITIES	87.27	66.74	51.93
SHAREHOLDERS' AND PROPRIETORS' EQUITY	12.73	33.26	48.07
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	0.96	1.69	2.67
QUICK RATIO	0.57	1.29	2.20
TOTAL LIABILITIES TO EQUITY	6.86	2.01	1.08
LONG-TERM LIABILITIES TO EQUITY	2.94	1.00	0.54
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.40	0.55	0.50

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
3.23%	5.00%	6.08%	15.68%	1.14%
30.29	27.86	30.68	22.81	30.63
14.17	12.34	15.53	14.93	11.78
5.70	8.42	1.79	0.52	1.93
53.39	53.62	54.08	53.94	45.48
14.63	17.72	12.08	15.03	10.18
4.25	2.80	4.33	4.60	3.10
10.38	14.92	7.75	10.43	7.08
59.41	45.26	62.30	54.87	63.70
29.49	21.84	31.52	30.74	22.34
29.92	23.42	30.78	24.13	41.36
5.10	7.20	6.31	3.97	0.78
2.44	2.49	2.97	1.68	0.54
2.66	4.71	3.34	2.29	0.24
42.96	43.05	41.87	36.85	48.68
3.65	3.33	4.05	9.21	5.84
100.00	100.00	100.00	100.00	100.00
14.54	8.18	9.79	2.03	19.09
13.99	9.58	12.96	9.26	18.68
10.31	13.57	8.23	7.90	8.53
38.84	31.33	30.98	19.19	46.30
26.42	29.66	30.80	20.85	24.52
65.26	60.99	61.78	40.04	70.82
34.74	39.01	38.22	59.96	29.18
100.00	100.00	100.00	100.00	100.00
1.37	1.71	1.75	2.81	0.98
1.01	1.32	1.24	2.03	0.73
1.88	1.56	1.62	0.67	2.43
0.76	0.76	0.81	0.35	0.84
0.50	0.48	0.51	0.56	0.35

SIGNIFICANT FACTS

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 41,874	$ 44,447	$ 44,071
Average assets per factory employee (Excluding Executives)	49,168	60,671	62,173
Average net worth per employee - All employees	6,458	13,860	20,789
Average gross plant investment per factory employee (Excluding Executives)	38,708	49,076	40,996
Net worth percentage of fixed assets	34.25%	105.22%	180.73%
EMPLOYEES			
Percent factory - All employees	85.45%	77.73%	79.05%
Percent administrative - All employees	6.46	9.90	8.85
Percent sales - All employees	8.09	12.37	12.10
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 79,138	$ 86,211	$ 87,123
Sales per factory employee	92,325	112,234	111,746
Sales less material per factory employee	54,580	66,256	72,536
Sales per administrative employee	1,352,664	1,030,021	1,173,759
EXCLUDING EXECUTIVES			
Sales per employee - All employees	81,722	94,001	100,552
Sales per factory employee	92,733	119,461	125,954
Sales less material per factory employee	54,798	70,521	81,141
SALES PER SALESMAN	877,871	926,413	1,052,548
SALES TO CURRENT ASSETS	401%	377%	324%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	34.12%	37.31%	33.42%
Factory payroll percentage of gross plant investment	81.03	69.44	72.14
Payroll per employee - All employees	$ 28,287	$ 31,390	$ 28,538
Payroll per factory employee	26,906	27,351	23,849
Payroll per administrative employee	24,330	40,202	47,916
Payroll per sales employee	44,679	56,359	53,071
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 22,846	$ 25,026	$ 22,261
Payroll per factory employee	22,182	22,665	19,942
Payroll per administrative employee	22,258	19,436	17,899
Payroll per sales employee	32,390	48,984	42,471
EXECUTIVE PAYROLL			
Payroll per executive - All executives	62,665	58,829	41,763
Payroll per factory executive	3,718	38,003	27,988
Payroll per administrative executive	8,764	86,423	100,037
Payroll per sales executive	67,288	64,091	38,879
RECEIVABLES			
Collection period	56.3	61.3	62.1
PROFIT			
Gross profit percentage of sales	16.20%	22.49%	32.15%
Average gross profit per factory employee	$ 15,868	$ 27,344	$ 39,982
Income before taxes percentage of sales	4.45%	4.14%	12.24%
Average income before taxes per employee	$ 4,185	$ 3,573	$ 10,436

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 49,376	$ 75,607	$ 49,807	$ 67,374	$ 82,702
66,382	100,601	67,754	81,738	100,602
17,384	29,164	21,220	42,339	10,679
50,974	68,839	50,053	51,100	73,417
90.55%	97.06%	100.83%	178.55%	80.68%
79.70%	80.59%	79.01%	87.20%	85.81%
10.06	8.25	11.07	8.15	6.55
10.24	11.16	9.92	4.65	7.64
$ 79,133	$ 95,787	$ 87,947	$ 92,133	$ 106,576
100,150	118,934	114,144	105,844	125,101
57,730	66,864	64,115	59,966	49,650
954,917	1,275,210	1,005,991	1,459,720	1,906,509
86,038	104,380	95,404	98,405	114,348
106,415	127,130	120,342	111,021	131,478
61,320	71,595	67,642	62,827	52,169
1,005,592	1,009,042	987,368	1,287,621	724,314
336%	250%	359%	304%	355%
36.84%	32.18%	35.97%	32.62%	22.30%
63.70	45.27	65.12	56.81	37.86
$ 28,266	$ 30,804	$ 30,779	$ 29,575	$ 23,783
25,335	27,055	28,039	27,323	21,059
35,833	36,707	38,221	45,501	30,056
50,584	61,338	48,832	38,247	52,494
$ 22,321	$ 24,632	$ 23,161	$ 21,782	$ 20,332
20,836	22,419	22,308	20,751	17,729
17,143	18,533	19,649	23,472	8,369
40,041	51,598	31,865	28,153	51,497
51,839	56,486	59,704	48,419	38,268
40,390	44,364	39,492	40,731	38,826
69,052	76,990	75,232	74,820	30,363
57,443	69,753	69,818	58,499	9,950
69.2	81.1	60.2	54.6	70.3
19.83%	22.82%	19.75%	20.38%	14.03%
$ 21,666	$ 29,450	$ 23,810	$ 22,372	$ 16,182
5.38%	13.87%	3.74%	11.26%	3.58%
$ 4,771	$ 12,947	$ 3,380	$ 10,414	$ 1,524

RETURN ON INVESTMENT - PER $100 OF SALES

	0% TO 11%**	21% TO 41%	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 0.00	$ 2.23	$ 2.12
Receivables	14.71	16.33	16.63
Inventories	10.51	6.59	5.92
Marketable securities	0.00	0.59	1.32
Other current assets	0.36	2.31	10.61
	25.58	28.05	36.60
Plant Investment:			
Land and building	0.63	6.24	0.48
Machinery and equipment	48.44	32.99	30.43
Other fixed assets	0.85	2.79	3.45
	49.92	42.02	34.36
Non-Current Assets	0.77	2.17	(0.01)
TOTAL INVESTMENT	76.27	72.24	70.95
INVESTMENT TURNOVER PER $100 OF SALES	131.11%	138.43%	140.94%
EARNINGS			
Cost of Product	$83.80	$77.51	$67.85
Selling Expenses	5.82	9.07	7.59
Administrative Expenses	4.01	7.35	8.57
	93.63	93.93	84.01
Income Before Interest, Other Income (Expense), and Taxes	6.37	6.07	15.99
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	8.35%	8.40%	22.54%

** Sample insufficient for Profit Leaders.

41% TO 61%		61% TO 81%		81% TO 99%**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 2.39	$ 5.11	$ 4.15	$13.21	$ 1.18
18.00	21.10	16.14	14.65	18.62
8.62	9.75	8.75	11.33	7.50
1.59	4.52	0.01	0.03	0.00
1.78	1.80	1.07	0.31	1.35
32.38	42.28	30.12	39.53	28.65
9.41	15.10	6.90	9.61	4.96
35.43	33.94	33.57	35.49	46.77
3.30	5.33	3.32	2.51	0.57
48.14	54.37	43.79	47.61	52.30
2.20	3.05	2.64	6.95	4.37
82.72	99.70	76.55	94.09	85.32
120.89%	100.30%	130.63%	106.28%	117.21%
$80.17	$77.18	$80.25	$79.62	$85.97
7.37	7.50	6.87	3.43	4.18
7.42	5.55	7.69	5.69	4.85
94.96	90.23	94.81	88.74	95.00
5.04	9.77	5.19	11.26	5.00
6.09%	9.80%	6.78%	11.97%	5.86%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	96	$ 6,956,000	$11,837,000	$ 616,000
TOTAL - PROFIT LEADERS*	18	9,138,000	12,805,000	1,695,000
BY SIZE OF FIRM				
ALL FIRMS				
$0-$1,500,000	5	493,000	1,147,000	34,000
$1,500,000-$5,000,000	22	1,944,000	3,409,000	175,000
$5,000,000-$10,000,000	28	3,941,000	7,267,000	171,000
$10,000,000-$20,000,000	31	8,561,000	14,332,000	759,000
Over $20,000,000	10	24,685,000	40,790,000	2,678,000
PROFIT LEADERS				
$1,500,000-$5,000,000	6	1,910,000	3,279,000	419,000
$10,000,000-$20,000,000	8	10,295,000	13,379,000	1,391,000
Over $20,000,000	3	21,545,000	32,010,000	5,298,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	68	7,406,000	12,601,000	631,000
Magazine and Periodical	7	6,993,000	10,699,000	815,000
Newspaper	4	1,665,000	3,037,000	126,000
Book	10	5,016,000	9,570,000	488,000
No Predominant Product	4	7,793,000	13,231,000	104,000
PROFIT LEADERS				
Commercial and Advertising	9	10,245,000	14,720,000	2,137,000
Newspaper	3	9,638,000	10,998,000	1,396,000
Book	2	7,117,000	9,055,000	973,000
BY PERCENTAGE OF WEB SALES				
ALL FIRMS				
0% To 11%	2	5,383,000	10,480,000	608,000
21% To 41%	40	7,373,000	12,662,000	565,000
41% To 61%	27	6,778,000	10,634,000	810,000
61% To 81%	24	6,932,000	12,466,000	520,000
81% To 99%	3	4,247,000	7,556,000	318,000
PROFIT LEADERS				
21% TO 41%	5	2,457,000	4,502,000	497,000
41% To 61%	7	12,269,000	15,820,000	2,502,000
61% To 81%	5	12,588,000	18,526,000	2,006,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

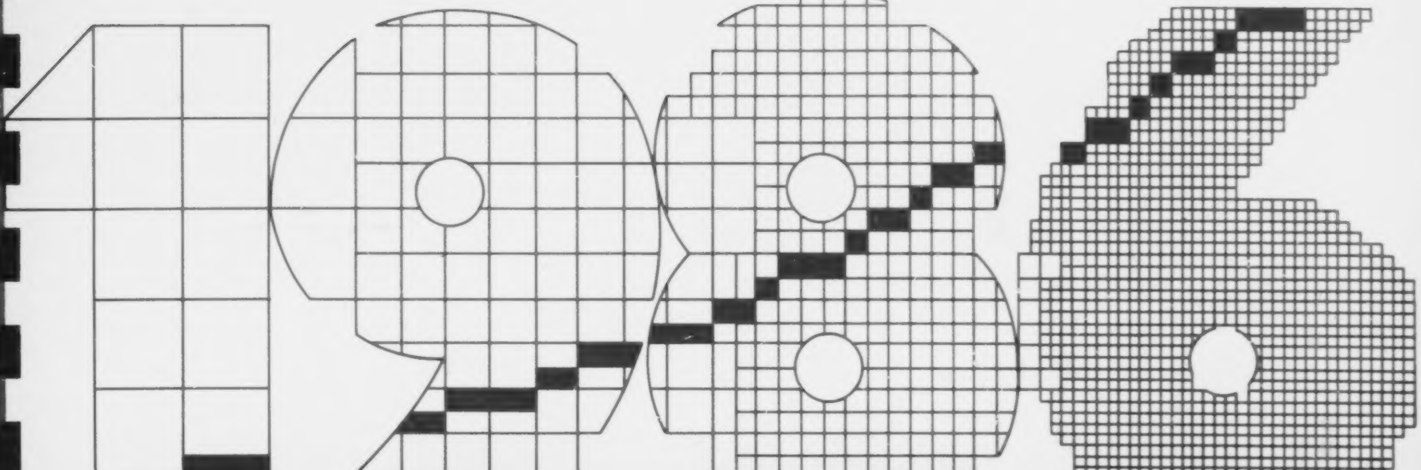
			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

1986
Financial
Ratio
Study

Book Manufacturers' Ratios

Volume IX

A8740-1.9U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

BOOK MANUFACTURERS

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PRINTING INDUSTRIES OF AMERICA, INC.

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Arlington, Virginia 22209

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H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H . R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 31 Book Manufacturers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales from $500,000 to $1,500,000, sales from $1,500,000 to $5,000,000, etc.; by process specialty - for example, sheet-fed offset, web-fed offset or combination offset; and by product specialty - for example, printing and binding or printing only. Readers can compare their firm's operations with other firms having the same sales volume, process specialty or product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

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1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.. 2

VALUE ADDED -- WHAT IT MEANS TO YOU............................... 4- 5

CHAPTER 1 - BY SIZE OF FIRM. 6-19
    Report on Operations - Value Added = 100%..................... 6- 7
    Supporting Schedules - Value Added = 100%..................... 8- 9
    Report on Operations - Sales = 100%........................... 10-11
    Supporting Schedules - Sales = 100%........................... 10-13
    Balance Sheet... 14-15
    Significant Facts... 16-17
    Return on Investment - Per $100 of Sales...................... 18-19

CHAPTER 2 - BY PROCESS SPECIALTY.................................. 20-33
    Report on Operations - Value Added = 100%..................... 20-21
    Supporting Schedules - Value Added = 100%..................... 22-23
    Report on Operations - Sales = 100%........................... 24-25
    Supporting Schedules - Sales = 100%........................... 24-27
    Balance Sheet... 28-29
    Significant Facts... 30-31
    Return on Investment - Per $100 of Sales...................... 32-33

CHAPTER 3 - BY PRODUCT SPECIALTY.................................. 34-40
    Report on Operations - Value Added = 100%..................... 34
    Supporting Schedules - Value Added = 100%..................... 35
    Report on Operations - Sales = 100%........................... 36
    Supporting Schedules - Sales = 100%........................... 36-37
    Balance Sheet... 38
    Significant Facts... 39
    Return on Investment - Per $100 of Sales...................... 40

ABSOLUTE DATA... 41-42

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	47.99	43.11	46.61
FACTORY EXPENSES	21.39	20.18	29.64
TOTAL FACTORY COST OF PRODUCT	69.38	63.29	76.25
GROSS PROFIT	30.62	36.71	23.75
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.58	9.47	15.77
Selling expenses	10.20	9.09	6.85
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.78	18.56	22.62
INCOME BEFORE INTEREST EXPENSE	6.84	18.15	1.13
Interest expense	3.31	2.02	4.54
OPERATING INCOME (LOSS)	3.53	16.13	(3.41)
Other income	1.75	0.59	0.15
INCOME (LOSS) BEFORE INCOME TAXES	5.28	16.72	(3.26)

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* See page 10 for the definition of "Profit Leaders".

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
51.52	46.03	36.26	47.71	46.53
20.46	20.49	20.16	20.56	20.19
71.98	66.52	56.42	68.27	66.72
28.02	33.48	43.58	31.73	33.28
15.31	14.51	11.65	10.19	8.38
10.53	9.71	10.54	11.61	8.37
25.84	24.22	22.19	21.80	16.75
2.18	9.26	21.39	9.93	16.53
3.72	4.39	3.87	1.22	1.09
(1.54)	4.87	17.52	8.71	15.44
2.46	1.94	0.77	1.41	0.49
0.92	6.81	18.29	10.12	15.93

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.46%	4.27%	2.47%
Direct wages	32.23	25.55	35.00
General factory salaries and wages	3.80	5.54	2.66
Packing, shipping and delivery wages	1.20	0.84	0.49
Payroll taxes	3.29	2.57	3.89
Employee benefits	4.01	4.34	2.10
TOTAL FACTORY PAYROLL	47.99	43.11	46.61
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.38	0.36	0.00
Depreciation - other	5.25	4.78	9.03
Taxes - real estate	0.28	0.26	0.46
Taxes - other	0.41	0.70	0.35
Insurance	0.61	0.28	0.33
Building rent	1.90	1.58	4.54
Utilities - heat, light, etc.	2.00	2.00	1.94
Equipment rental	0.50	0.25	2.27
Total Fixed Expenses	11.33	10.21	18.92
Other Expenses			
Factory supplies and expense	3.44	3.69	4.03
Packing, shipping and delivery expense	1.73	0.81	1.57
Repairs and maintenance	3.04	2.89	1.98
Other factory expenses	1.85	2.58	3.14
Total Other Expenses	10.06	9.97	10.72
TOTAL FACTORY EXPENSES	21.39	20.18	29.64
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.12	2.26	3.83
Salaries - office	3.49	1.88	5.31
Payroll taxes	0.47	0.30	0.42
Employee benefits	0.93	0.91	0.49
Bad debts	0.92	0.74	1.12
Office supplies and expenses	0.68	0.35	0.80
Professional fees	1.05	0.73	1.27
Taxes - business	0.35	0.46	0.20
Telephone	0.61	0.49	0.74
Other administrative expenses	1.96	1.35	1.59
TOTAL ADMINISTRATIVE EXPENSES	13.58	9.47	15.77
SELLING EXPENSES			
Salaries - executive	1.23	0.94	0.77
Salaries and commissions - salesmen	4.87	4.15	3.43
Salaries - sales office clerical	1.14	1.34	0.00
Payroll taxes	0.39	0.32	0.27
Employee benefits	0.36	0.37	0.15
Advertising	0.30	0.24	0.95
Travel and entertainment	0.91	1.08	0.79
Other selling expenses	1.00	0.65	0.49
TOTAL SELLING EXPENSES	10.20	9.09	6.85

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.12%	3.50%	5.19%	4.04%	3.81%
35.58	32.73	25.10	27.69	25.79
2.97	2.26	1.17	6.80	7.73
1.53	1.32	1.11	1.01	0.70
3.23	2.89	0.95	3.63	3.37
5.09	3.33	2.74	4.54	5.13
51.52	46.03	36.26	47.71	46.53
0.05	0.68	0.48	0.45	0.30
5.54	5.22	5.84	3.79	4.25
0.25	0.27	0.13	0.25	0.32
0.18	0.45	0.39	0.58	0.85
0.79	0.52	0.22	0.65	0.31
1.79	1.89	0.00	1.13	2.38
1.94	1.83	1.45	2.27	2.28
0.34	0.12	0.00	0.52	0.38
10.88	10.98	8.51	9.64	11.07
2.19	3.25	3.59	4.59	3.73
3.14	1.61	1.33	0.67	0.55
3.15	3.41	3.94	2.83	2.36
1.10	1.24	2.79	2.83	2.48
9.58	9.51	11.65	10.92	9.12
20.46	20.49	20.16	20.56	20.19
4.64	2.92	2.58	1.79	2.08
3.37	3.27	2.89	3.26	1.38
0.52	0.52	0.34	0.39	0.28
0.74	1.24	0.31	0.86	1.21
0.61	1.20	0.38	0.78	0.92
0.84	0.79	0.53	0.34	0.26
1.37	0.90	0.91	0.89	0.65
0.23	0.52	0.41	0.30	0.48
0.94	0.67	1.08	0.22	0.20
2.05	2.48	2.22	1.36	0.92
15.31	14.51	11.65	10.19	8.38
1.65	1.10	1.20	1.17	0.81
5.51	4.70	5.35	4.93	3.55
0.78	1.21	0.98	1.75	1.51
0.38	0.35	0.41	0.50	0.28
0.41	0.26	0.17	0.52	0.48
0.17	0.30	0.28	0.21	0.22
0.90	0.99	1.21	0.87	1.02
0.73	0.80	0.94	1.66	0.50
10.53	9.71	10.54	11.61	8.37

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	26.56	26.31	20.64
Other chargeable materials	5.43	5.65	4.49
Outside services	8.90	9.07	8.76
TOTAL MATERIALS	40.89	41.03	33.89
FACTORY PAYROLL	28.48	25.40	31.23
FACTORY EXPENSES	12.66	11.74	19.61
TOTAL FACTORY COST OF PRODUCT	82.03	78.17	84.73
GROSS PROFIT	17.97	21.83	15.27
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	7.98	5.59	10.43
Selling expenses	6.04	5.53	4.43
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.02	11.12	14.86
INCOME BEFORE INTEREST EXPENSE	3.95	10.71	0.41
Interest expense	1.86	1.19	2.90
OPERATING INCOME (LOSS)	2.09	9.52	(2.49)
Other income	1.00	0.34	0.03
INCOME (LOSS) BEFORE INCOME TAXES	3.09	9.86	(2.46)

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	1.11%	1.24%	0.91%
Film	1.11	0.80	1.12
Plates	1.53	1.07	1.48
Other chargeable materials	1.68	2.54	0.98
TOTAL OTHER CHARGEABLE MATERIALS	5.43	5.65	4.49
OUTSIDE SERVICES			
Composition	0.49	0.24	0.00
Offset preparation	1.59	0.82	4.04
Printing	0.71	1.58	0.33
Binding	4.54	3.11	2.10
Other outside services	1.57	3.32	2.29
TOTAL OUTSIDE SERVICES	8.90	9.07	8.76

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Sample insufficient for Profit Leaders.

*** Information not submitted.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
24.31	31.63	32.63	24.31	23.14
6.45	4.68	2.94	5.75	7.00
10.14	9.33	5.70	7.32	10.76
40.90	45.64	41.27	37.38	40.90
30.38	25.22	21.31	29.86	27.46
12.15	11.08	11.84	12.74	11.69
83.43	81.94	74.42	79.98	80.05
16.57	18.06	25.58	20.02	19.95
9.06	7.81	6.84	6.41	4.95
6.10	5.15	6.18	7.62	5.21
15.16	12.96	13.02	14.03	10.16
1.41	5.10	12.56	5.99	9.79
2.17	2.25	2.28	0.77	0.64
(0.76)	2.85	10.28	5.22	9.15
1.41	1.04	0.45	0.90	0.28
0.65	3.89	10.73	6.12	9.43

1.05%	1.27%		0.96%	1.54%
1.24	0.87		1.28	0.99
2.43	1.34		1.19	1.33
1.73	1.20		2.32	3.14
6.45	4.68	***	5.75	7.00
1.07	0.35		0.18	0.28
3.29	0.36		0.54	0.97
0.35	1.01		0.88	1.88
4.81	6.46		2.45	3.69
0.62	1.15		3.27	3.94
10.14	9.33	***	7.32	10.76

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL-FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.04%	2.54%	1.68%
Direct wages	19.03	14.95	23.40
General factory salaries and wages	2.34	3.37	1.80
Packing, shipping and delivery wages	0.71	0.50	0.34
Payroll taxes	1.99	1.51	2.61
Employee benefits	2.37	2.53	1.40
TOTAL FACTORY PAYROLL	28.48	25.40	31.23
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.22	0.22	0.00
Depreciation - other	3.08	2.78	5.97
Taxes - real estate	0.17	0.16	0.32
Taxes - other	0.24	0.41	0.24
Insurance	0.35	0.17	0.22
Building rent	1.08	0.80	3.05
Utilities - heat, light, etc.	1.18	1.18	1.28
Equipment rental	0.32	0.15	1.53
Total Fixed Expenses	6.64	5.87	12.61
Other Expenses			
Factory supplies and expense	2.13	2.22	2.66
Packing, shipping and delivery expense	1.01	0.49	1.01
Repairs and maintenance	1.77	1.69	1.31
Other factory expenses	1.11	1.47	2.02
Total Other Expenses	6.02	5.87	7.00
TOTAL FACTORY EXPENSES	12.66	11.74	19.61
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.85	1.36	2.54
Salaries - office	2.08	1.13	3.53
Payroll taxes	0.28	0.18	0.26
Employee benefits	0.55	0.53	0.30
Bad debts	0.51	0.40	0.77
Office supplies and expenses	0.40	0.21	0.53
Professional fees	0.62	0.42	0.85
Taxes - business	0.20	0.26	0.13
Telephone	0.36	0.29	0.48
Other administrative expenses	1.13	0.81	1.04
TOTAL ADMINISTRATIVE EXPENSES	7.98	5.59	10.43
SELLING EXPENSES			
Salaries - executive	0.73	0.56	0.48
Salaries and commissions - salesmen	2.86	2.52	2.23
Salaries - sales office clerical	0.67	0.83	0.00
Payroll taxes	0.23	0.20	0.18
Employee benefits	0.21	0.23	0.10
Advertising	0.19	0.14	0.61
Travel and entertainment	0.53	0.65	0.52
Other selling expenses	0.62	0.40	0.31
TOTAL SELLING EXPENSES	6.04	5.53	4.43

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.79%	1.88%	3.05%	2.57%	2.29%
20.99	17.92	14.75	17.21	15.06
1.73	1.28	0.69	4.38	4.71
0.89	0.73	0.65	0.63	0.43
1.98	1.58	0.56	2.29	1.99
3.00	1.83	1.61	2.78	2.98
30.38	25.22	21.31	29.86	27.46
0.03	0.36	0.28	0.28	0.19
3.18	2.83	3.43	2.34	2.44
0.15	0.15	0.08	0.16	0.20
0.11	0.24	0.23	0.36	0.50
0.45	0.27	0.13	0.42	0.19
1.04	0.99	0.00	0.58	1.20
1.15	1.00	0.85	1.41	1.35
0.21	0.06	0.00	0.32	0.23
6.32	5.90	5.00	5.87	6.30
1.43	1.82	2.10	2.94	2.28
1.91	0.82	0.78	0.43	0.34
1.83	1.88	2.31	1.76	1.38
0.66	0.66	1.65	1.74	1.39
5.83	5.18	6.84	6.87	5.39
12.15	11.08	11.84	12.74	11.69
2.75	1.60	1.51	1.13	1.25
1.96	1.73	1.71	2.10	0.85
0.32	0.27	0.20	0.25	0.17
0.45	0.72	0.18	0.52	0.71
0.33	0.63	0.22	0.45	0.50
0.52	0.43	0.31	0.21	0.16
0.83	0.47	0.53	0.56	0.36
0.12	0.29	0.24	0.18	0.27
0.57	0.36	0.63	0.14	0.12
1.21	1.31	1.31	0.87	0.56
9.06	7.81	6.84	6.41	4.95
0.97	0.59	0.71	0.75	0.49
3.20	2.43	3.12	3.33	2.23
0.42	0.68	0.57	1.11	0.96
0.22	0.18	0.24	0.33	0.17
0.23	0.14	0.10	0.33	0.29
0.11	0.16	0.17	0.13	0.13
0.52	0.53	0.71	0.54	0.62
0.43	0.44	0.56	1.10	0.32
6.10	5.15	6.18	7.62	5.21

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	1.94%	1.09%	(7.69)%
Receivables	32.96	32.79	22.90
Inventories	19.16	26.94	24.88
Other current assets	3.13	2.53	1.23
TOTAL CURRENT ASSETS	57.19	63.35	41.32
FIXED ASSETS			
Real estate	10.88	11.73	0.11
Less: Accumulated depreciation	3.34	4.70	0.00
	7.54	7.03	0.11
Machinery and equipment	60.92	47.34	86.50
Less: Accumulated depreciation	32.83	25.63	34.02
	28.09	21.71	52.48
Other fixed assets	5.89	4.34	11.67
Less: Accumulated depreciation	2.89	2.75	6.26
	3.00	1.59	5.41
NET FIXED ASSETS	38.63	30.33	58.00
OTHER ASSETS	4.18	6.32	0.68
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	11.25	7.47	15.94
Accounts payable	15.19	19.68	10.93
Other current liabilities	10.40	7.00	11.90
TOTAL CURRENT LIABILITIES	36.84	34.15	38.77
LONG-TERM LIABILITIES	33.12	18.77	56.49
TOTAL LIABILITIES	69.96	52.92	95.26
SHAREHOLDERS' AND PROPRIETORS' EQUITY	30.04	47.08	4.74
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.55	1.86	1.07
QUICK RATIO	1.03	1.07	0.42
TOTAL LIABILITIES TO EQUITY	2.33	1.12	20.10
LONG-TERM LIABILITIES TO EQUITY	1.10	0.40	11.92
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.54	0.39

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
6.97%	0.28%	(0.73)%	2.71%	2.00%
31.80	37.65	40.37	31.64	29.01
15.71	17.95	22.64	21.79	29.09
2.29	2.00	4.24	5.88	1.67
56.77	57.88	66.52	62.02	61.77
6.70	12.35	14.53	16.41	10.33
2.06	3.32	7.59	5.63	3.27
4.64	9.03	6.94	10.78	7.06
79.05	53.42	65.72	45.43	38.15
46.14	27.81	41.36	26.74	17.76
32.91	25.61	24.36	18.69	20.39
7.15	5.34	6.98	3.50	3.03
4.11	2.14	4.90	1.59	1.68
3.04	3.20	2.08	1.91	1.35
40.59	37.84	33.38	31.38	28.80
2.64	4.28	0.10	6.60	9.43
100.00	100.00	100.00	100.00	100.00
9.24	16.50	19.79	5.05	1.31
15.06	17.96	18.75	13.36	20.15
12.96	5.68	0.77	13.37	10.11
37.26	40.14	39.31	31.78	31.57
41.99	32.89	17.04	17.74	19.64
79.25	73.03	56.35	49.52	51.21
20.75	26.97	43.65	50.48	48.79
100.00	100.00	100.00	100.00	100.00

1.52	1.44	1.69	1.95	1.96
1.10	0.99	1.12	1.27	1.04
3.82	2.71	1.29	0.98	1.05
2.02	1.22	0.39	0.35	0.40
0.58	0.52	0.63	0.59	0.47

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 38,720	$ 48,841	$ 35,445
Average assets per factory employee (Excluding Executives)	51,940	60,483	49,514
Average net worth per employee - All employees	11,995	22,021	4,849
Average gross plant investment per factory employee (Excluding Executives)	37,585	34,972	49,251
Net worth percentage of fixed assets	105.92%	202.53%	12.23%
EMPLOYEES			
Percent factory - All employees	80.13%	85.60%	76.20%
Percent administrative - All employees	11.09	6.52	18.10
Percent sales - All employees	8.78	7.88	5.70
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 67,499	$ 73,058	$ 57,261
Sales per factory employee	86,125	85,455	78,399
Sales less material per factory employee	49,492	50,492	51,263
Sales per administrative employee	976,302	2,339,443	307,029
EXCLUDING EXECUTIVES			
Sales per employee - All employees	73,473	79,558	62,495
Sales per factory employee	91,203	91,726	79,629
Sales less material per factory employee	52,323	54,236	52,068
SALES PER SALESMAN	1,047,865	1,642,969	135,960
SALES TO CURRENT ASSETS	341%	287%	452%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	37.94%	32.94%	40.86%
Factory payroll percentage of gross plant investment	73.74	73.32	50.14
Payroll per employee - All employees	$ 24,450	$ 24,148	$ 20,728
Payroll per factory employee	22,946	21,642	20,527
Payroll per administrative employee	32,796	49,013	20,473
Payroll per sales employee	31,736	38,578	21,601
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 19,374	$ 18,423	$ 17,069
Payroll per factory employee	18,770	17,101	17,310
Payroll per administrative employee	16,490	17,604	14,675
Payroll per sales employee	26,702	30,699	19,208
EXECUTIVE PAYROLL			
Payroll per executive - All executives	39,343	40,032	29,540
Payroll per factory executive	31,801	32,366	18,170
Payroll per administrative executive	52,925	68,825	29,233
Payroll per sales executive	35,619	49,065	8,167
RECEIVABLES			
Collection period	68.6	77.9	54.4
PROFIT			
Gross profit percentage of sales	17.97%	21.83%	15.27%
Average gross profit per factory employee	$ 16,872	$ 20,272	$ 14,702
Income (loss) before taxes percentage of sales	3.09%	9.86%	(2.46)%
Average income before taxes per employee	$ 2,513	$ 7,086	$ 1,102

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 28,303	$ 42,329	$ 35,042	$ 44,659	$ 55,741
37,850	58,069	49,879	57,783	65,785
5,549	9,912	16,227	22,652	24,919
35,863	38,984	40,666	33,516	32,125
78.74%	77.84%	132.92%	195.64%	237.33%
80.44%	79.04%	78.76%	82.50%	89.03%
10.23	11.37	11.07	9.16	4.24
9.33	9.59	10.17	8.34	6.73
$ 53,680	$ 78,231	$ 60,139	$ 70,077	$ 79,518
68,593	100,968	76,674	86,143	89,845
39,299	53,009	45,016	53,664	53,230
546,748	722,305	546,044	1,891,659	3,236,143
59,552	84,860	67,205	75,590	85,735
72,606	107,317	83,797	91,895	95,690
41,501	56,209	49,195	57,279	56,757
502,930	1,043,466	928,029	1,618,689	2,000,440
356%	341%	303%	288%	278%
40.90%	33.56%	29.65%	39.70%	34.59%
70.76	71.40	48.55	87.11	85.70
$ 21,464	$ 25,460	$ 17,803	$ 27,111	$ 27,321
19,896	24,058	16,127	25,104	24,399
27,879	29,853	19,451	44,873	63,794
22,453	31,461	27,422	43,701	44,156
$ 16,981	$ 20,401	$ 14,401	$ 21,015	$ 20,434
16,306	20,038	13,281	19,897	19,011
15,394	15,330	11,443	19,487	20,684
20,163	26,996	24,070	34,653	34,013
30,489	44,617	30,692	44,035	44,702
23,955	35,670	28,140	38,590	34,480
40,412	60,213	36,066	63,035	85,204
19,488	36,026	33,787	58,609	56,704
62.3	76.6	95.3	69.1	69.2
16.57%	18.06%	25.58%	20.02%	19.95%
$ 12,153	$ 19,222	$ 21,623	$ 18,919	$ 19,596
0.65%	3.89%	10.73%	6.12%	9.43%
$ 260	$ 2,802	$ 6,497	$ 4,634	$ 7,381

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $500,000-$1,500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 1.00	$ 1.02	$(5.40)
Receivables	17.99	19.86	14.50
Inventories	11.76	20.83	16.57
Marketable securities	0.64	0.00	0.00
Other current assets	1.35	1.68	0.79
	32.74	43.39	26.46
Plant Investment:			
Land and building	6.20	6.61	0.07
Machinery and equipment	34.04	28.88	54.42
Other fixed assets	3.25	2.73	7.43
	43.49	38.22	61.92
Non-Current Assets	2.80	5.03	0.42
TOTAL INVESTMENT	79.03	86.64	88.80
INVESTMENT TURNOVER PER $100 OF SALES	126.53%	115.42%	112.61%
EARNINGS			
Cost of Product	$82.03	$78.17	$84.73
Selling Expenses	6.04	5.53	4.43
Administrative Expenses	7.98	5.59	10.43
	96.05	89.29	99.59
Income Before Interest, Other Income, and Taxes	3.95	10.71	0.41
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.00%	12.36%	0.46%

** Sample insufficient for Profit Leaders.

SALES FROM $1,500,000-$5,000,000**	SALES FROM $5,000,000-$10,000,000		SALES OVER $10,000,000	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 3.64	$ 0.15	$(0.27)	$ 1.83	$ 1.66
16.69	19.81	23.48	18.08	18.04
8.58	9.30	12.17	15.99	25.17
0.00	0.00	0.00	2.20	0.00
1.23	1.28	3.31	1.73	0.87
30.14	30.54	38.69	39.83	45.74
3.59	7.31	7.90	9.21	5.96
42.74	27.52	35.37	27.50	25.63
3.31	2.95	4.22	2.16	1.99
49.64	37.78	47.49	38.87	33.58
1.30	2.77	0.08	4.97	7.51
81.08	71.09	86.26	83.67	86.83
123.33%	140.67%	115.93%	119.52%	115.17%
$83.43	$81.94	$74.42	$79.98	$80.05
6.10	5.15	6.18	7.62	5.21
9.06	7.81	6.84	6.41	4.95
98.59	94.90	87.44	94.01	90.21
1.41	5.10	12.56	5.99	9.79
1.74%	7.17%	14.56%	7.16%	11.28%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%
FACTORY PAYROLL	47.34	44.21
FACTORY EXPENSES	21.15	17.60
TOTAL FACTORY COST OF PRODUCT	68.49	61.81
GROSS PROFIT	31.51	38.19
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	14.18	8.89
Selling expenses	10.95	11.20
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.13	20.09
INCOME BEFORE INTEREST EXPENSE	6.38	18.10
Interest expense	3.00	2.72
OPERATING INCOME	3.38	15.38
Other income	1.34	0.10
INCOME BEFORE INCOME TAXES	4.72	15.48

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
X	X	X
X	X	X
100.00%	100.00%	100.00%
48.81	46.38	37.98
23.02	21.47	20.45
71.83	67.85	58.43
28.17	32.15	41.57
12.57	12.53	12.30
6.92	11.32	9.81
19.49	23.85	22.11
8.68	8.30	19.46
2.49	3.88	1.97
6.19	4.42	17.49
2.50	2.18	1.46
8.69	6.60	18.95

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.80%	4.58%
Direct wages	31.37	25.62
General factory salaries and wages	4.39	6.50
Packing, shipping and delivery wages	0.92	0.96
Payroll taxes	3.33	2.23
Employee benefits	3.53	4.32
TOTAL FACTORY PAYROLL	47.34	44.21
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.47	0.38
Depreciation - other	5.21	3.74
Taxes - real estate	0.31	0.35
Taxes - other	0.38	0.74
Insurance	0.73	0.19
Building rent	1.70	(0.23)
Utilities - heat, light, etc.	1.70	1.95
Equipment rental	0.63	0.23
Total Fixed Expenses	11.13	7.35
Other Expenses		
Factory supplies and expense	3.60	4.37
Packing, shipping and delivery expense	1.57	0.40
Repairs and maintenance	2.58	2.46
Other factory expenses	2.27	3.02
Total Other Expenses	10.02	10.25
TOTAL FACTORY EXPENSES	21.15	17.60
ADMINISTRATIVE EXPENSES		
Salaries - executive	3.62	2.70
Salaries - office	4.19	2.41
Payroll taxes	0.51	0.26
Employee benefits	1.03	0.64
Bad debts	0.52	(0.19)
Office supplies and expenses	0.74	0.32
Professional fees	0.93	0.33
Taxes - business	0.34	0.12
Telephone	0.66	0.33
Other administrative expenses	1.64	1.97
TOTAL ADMINISTRATIVE EXPENSES	14.18	8.89
SELLING EXPENSES		
Salaries - executive	1.14	1.04
Salaries and commissions - salesmen	5.66	4.68
Salaries - sales office clerical	0.97	2.11
Payroll taxes	0.39	0.28
Employee benefits	0.29	0.51
Advertising	0.45	0.33
Travel and entertainment	0.82	1.06
Other selling expenses	1.23	1.19
TOTAL SELLING EXPENSES	10.95	11.20

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.34%	3.41%	4.49%
33.52	30.99	20.86
5.29	2.65	5.19
1.63	1.61	1.07
3.07	2.96	2.55
2.96	4.76	3.82
48.81	46.38	37.98
0.28	0.33	0.51
5.25	5.50	5.90
0.13	0.31	0.24
0.94	0.26	0.50
0.07	0.69	0.55
4.02	1.34	0.25
2.68	2.12	2.08
0.12	0.51	0.40
13.49	11.06	10.43
1.89	3.95	4.33
1.62	1.74	1.82
3.13	3.81	3.79
2.89	0.91	0.08
9.53	10.41	10.02
23.02	21.47	20.45
2.37	2.30	2.20
2.29	2.84	1.92
0.23	0.45	0.48
0.46	0.96	1.68
1.17	1.55	1.15
0.23	0.79	0.56
1.19	1.02	1.15
0.64	0.30	1.16
0.27	0.67	0.95
3.72	1.65	1.05
12.57	12.53	12.30
1.61	1.34	1.00
2.26	5.11	5.43
0.92	1.60	0.73
0.20	0.51	0.53
0.27	0.55	0.31
0.30	0.10	0.13
0.63	1.27	1.61
0.73	0.84	0.07
6.92	11.32	9.81

REPORT ON OPERATIONS - SALES = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	22.20	24.33
Other chargeable materials	5.70	6.43
Outside services	10.61	7.04
TOTAL MATERIALS	38.51	37.80
FACTORY PAYROLL	28.91	27.59
FACTORY EXPENSES	13.16	10.88
TOTAL FACTORY COST OF PRODUCT	80.58	76.27
GROSS PROFIT	19.42	23.73
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	8.65	5.47
Selling expenses	6.77	7.04
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	15.42	12.51
INCOME BEFORE INTEREST EXPENSE	4.00	11.22
Interest expense	1.78	1.62
OPERATING INCOME	2.22	9.60
Other income	0.76	0.07
INCOME BEFORE INCOME TAXES	2.98	9.67

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS		
Ink	1.13%	1.33%
Film	1.21	1.07
Plates	1.58	1.22
Other chargeable materials	1.78	2.81
TOTAL OTHER CHARGEABLE MATERIALS	5.70	6.43
OUTSIDE SERVICES		
Composition	0.48	0.00
Offset preparation	2.87	0.00
Printing	0.61	0.00
Binding	5.38	0.00
Other outside services	1.27	7.04
TOTAL OUTSIDE SERVICES	10.61	7.04

** Sample insufficient for Profit Leaders.
*** Information not submitted.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%
31.92	31.01	28.31
5.45	4.94	4.63
6.23	8.03	9.25
43.60	43.98	42.19
28.03	26.32	21.90
13.02	11.88	11.83
84.65	82.18	75.92
15.35	17.82	24.08
7.01	6.93	7.12
3.96	6.32	5.70
10.97	13.25	12.82
4.38	4.57	11.26
1.33	2.01	1.13
3.05	2.56	10.13
1.55	1.21	0.84
4.60	3.77	10.97

1.28%	1.09%	1.95%
1.05	0.92	0.00
0.86	1.56	1.25
2.26	1.37	1.43
5.45	4.94	4.63
0.36	0.45	
0.56	0.39	
1.28	0.57	
2.25	4.70	
1.78	1.92	
6.23	8.03	***

SUPPORTING SCHEDULES - SALES = 100%

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	2.32%	2.85%
Direct wages	19.04	15.87
General factory salaries and wages	2.80	4.18
Packing, shipping and delivery wages	0.56	0.59
Payroll taxes	2.08	1.43
Employee benefits	2.11	2.67
TOTAL FACTORY PAYROLL	28.91	27.59
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.26	0.24
Depreciation - other	3.24	2.29
Taxes - real estate	0.20	0.23
Taxes - other	0.24	0.47
Insurance	0.44	0.12
Building rent	1.05	(0.16)
Utilities - heat, light, etc.	1.04	1.22
Equipment rental	0.41	0.15
Total Fixed Expenses	6.88	4.56
Other Expenses		
Factory supplies and expense	2.33	2.71
Packing, shipping and delivery expense	0.98	0.26
Repairs and maintenance	1.54	1.51
Other factory expenses	1.43	1.84
Total Other Expenses	6.28	6.32
TOTAL FACTORY EXPENSES	13.16	10.88
ADMINISTRATIVE EXPENSES		
Salaries - executive	2.20	1.66
Salaries - office	2.60	1.49
Payroll taxes	0.31	0.17
Employee benefits	0.61	0.40
Bad debts	0.31	(0.10)
Office supplies and expenses	0.45	0.19
Professional fees	0.58	0.20
Taxes - business	0.19	0.07
Telephone	0.40	0.20
Other administrative expenses	1.00	1.19
TOTAL ADMINISTRATIVE EXPENSES	8.65	5.47
SELLING EXPENSES		
Salaries - executive	0.70	0.64
Salaries and commissions - salesmen	3.52	2.95
Salaries - sales office clerical	0.57	1.34
Payroll taxes	0.25	0.18
Employee benefits	0.18	0.32
Advertising	0.28	0.21
Travel and entertainment	0.49	0.66
Other selling expenses	0.78	0.74
TOTAL SELLING EXPENSES	6.77	7.04

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.29%	1.90%	2.60%
19.23	17.53	12.06
3.06	1.56	2.97
0.92	0.92	0.62
1.79	1.68	1.47
1.74	2.73	2.18
28.03	26.32	21.90
0.18	0.19	0.30
2.95	2.99	3.41
0.08	0.18	0.14
0.54	0.14	0.28
0.05	0.36	0.32
2.11	0.68	0.14
1.57	1.19	1.20
0.07	0.30	0.23
7.55	6.03	6.02
1.15	2.31	2.50
0.90	0.90	1.06
1.85	2.16	2.20
1.57	0.48	0.05
5.47	5.85	5.81
13.02	11.88	11.83
1.36	1.28	1.28
1.28	1.51	1.11
0.13	0.25	0.28
0.26	0.56	0.96
0.62	0.86	0.67
0.13	0.45	0.32
0.70	0.56	0.67
0.36	0.17	0.67
0.15	0.37	0.56
2.02	0.92	0.60
7.01	6.93	7.12
0.92	0.77	0.58
1.25	2.75	3.15
0.54	0.95	0.43
0.12	0.29	0.31
0.17	0.31	0.18
0.16	0.06	0.08
0.36	0.71	0.93
0.44	0.48	0.04
3.96	6.32	5.70

BALANCE SHEET

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	2.25%	(0.03)%
Receivables	32.39	39.50
Inventories	18.81	19.36
Other current assets	2.75	2.02
TOTAL CURRENT ASSETS	56.20	60.85
FIXED ASSETS		
Real estate	11.18	16.31
Less: Accumulated depreciation	2.95	7.03
	8.23	9.28
Machinery and equipment	63.86	54.09
Less: Accumulated depreciation	34.38	26.23
	29.48	27.86
Other fixed assets	6.08	4.57
Less: Accumulated depreciation	3.20	2.61
	2.88	1.96
NET FIXED ASSETS	40.59	39.10
OTHER ASSETS	3.21	0.05
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	9.55	9.27
Accounts payable	13.02	17.51
Other current liabilities	11.01	8.42
TOTAL CURRENT LIABILITIES	33.58	35.20
LONG-TERM LIABILITIES	35.13	13.55
TOTAL LIABILITIES	68.71	48.75
SHAREHOLDERS' AND PROPRIETORS' EQUITY	31.29	51.25
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.67	1.73
QUICK RATIO	1.11	1.18
TOTAL LIABILITIES TO EQUITY	2.20	0.95
LONG-TERM LIABILITIES TO EQUITY	1.12	0.26
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.48

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
1.94%	1.61%	1.79%
23.03	39.02	32.97
26.66	16.71	14.33
8.18	1.75	4.56
59.81	59.09	53.65
14.53	10.04	10.74
4.31	3.92	3.59
10.22	6.12	7.15
51.35	61.05	48.59
27.95	35.35	29.44
23.40	25.70	19.15
2.44	6.95	4.91
1.37	3.19	3.29
1.07	3.76	1.62
34.69	35.58	27.92
5.50	5.33	18.43
100.00	100.00	100.00
6.87	16.22	8.51
21.15	16.30	10.36
6.27	11.53	6.75
34.29	44.05	25.62
25.11	28.45	34.05
59.40	72.50	59.67
40.60	27.50	40.33
100.00	100.00	100.00

1.74	1.34	2.09
0.97	0.96	1.53
1.46	2.64	1.48
0.62	1.03	0.84
0.54	0.58	0.61

SIGNIFICANT FACTS

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 34,313	$ 33,279
Average assets per factory employee (Excluding Executives)	47,791	42,387
Average net worth per employee - All employees	10,774	17,193
Average gross plant investment per factory employee (Excluding Executives)	36,325	29,122
Net worth percentage of fixed assets	99.11%	129.18%
EMPLOYEES		
Percent factory - All employees	78.46%	84.10%
Percent administrative - All employees	13.00	7.41
Percent sales - All employees	8.54	8.49
SALES - VALUE OF PRODUCT PRODUCED		
INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 61,997	$ 71,111
Sales per factory employee	80,622	84,270
Sales less material per factory employee	48,580	52,371
Sales per administrative employee	668,642	1,317,979
EXCLUDING EXECUTIVES		
Sales per employee - All employees	68,028	77,819
Sales per factory employee	85,454	90,707
Sales less material per factory employee	51,421	56,370
SALES PER SALESMAN	800,103	1,727,096
SALES TO CURRENT ASSETS	352%	366%
PAYROLL - INCLUDING TAXES AND BENEFITS		
INCLUDING EXECUTIVES		
Total payroll percentage of sales	39.85%	36.74%
Factory payroll percentage of gross plant investment	73.97	85.30
Payroll per employee - All employees	$ 23,772	$ 26,165
Payroll per factory employee	22,172	23,094
Payroll per administrative employee	31,936	49,064
Payroll per sales employee	30,649	44,088
PAYROLL - EXCLUDING TAXES AND BENEFITS		
EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 18,969	$ 20,413
Payroll per factory employee	18,244	18,587
Payroll per administrative employee	15,880	17,810
Payroll per sales employee	27,684	38,133
EXECUTIVE PAYROLL		
Payroll per executive - All executives	35,529	43,310
Payroll per factory executive	28,261	32,985
Payroll per administrative executive	47,793	71,118
Payroll per sales executive	28,740	61,303
RECEIVABLES		
Collection period	66.8	69.9
PROFIT		
Gross profit percentage of sales	19.42%	23.73%
Average gross profit per factory employee	$ 16,852	$ 21,432
Income before taxes percentage of sales	2.98%	9.67%
Average income before taxes per employee	$ 2,378	$ 6,727

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 56,894	$ 39,751	$ 61,946
67,486	54,579	81,468
22,095	11,287	23,632
43,447	39,330	51,368
206.29%	88.55%	142.19%
86.97%	79.03%	81.54%
6.64	9.96	7.99
6.39	11.01	10.47
$ 75,952	$ 75,866	$ 78,768
89,005	98,187	95,621
49,751	53,148	55,192
2,690,032	840,766	1,161,280
79,725	82,936	86,833
91,738	104,989	103,683
51,232	56,717	59,858
1,382,606	1,236,060	1,273,228
260%	355%	257%
34.07%	34.99%	30.19%
62.11	73.89	45.58
$ 25,291	$ 25,650	$ 24,070
23,776	24,259	21,407
42,804	30,453	44,559
40,463	33,157	32,025
$ 20,553	$ 20,025	$ 17,652
20,498	19,358	16,441
19,606	15,981	17,009
26,470	27,893	26,660
58,841	38,445	35,384
45,870	31,970	30,987
88,420	49,049	59,562
74,513	34,629	34,191
63.6	74.9	102.7
15.35%	17.82%	24.08%
$ 15,263	$ 18,940	$ 24,543
4.60%	3.77%	10.97%
$ 3,563	$ 2,868	$ 8,392

RETURN ON INVESTMENT - PER $100 OF SALES

	SHEET-FED OFFSET	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 0.98	$ 0.05
Receivables	17.72	18.28
Inventories	10.49	8.54
Marketable securities	0.00	0.00
Other current assets	1.59	1.00
	30.78	27.87
Plant Investment:		
Land and building	6.25	7.60
Machinery and equipment	34.62	23.94
Other fixed assets	3.37	2.05
	44.24	33.59
Non-Current Assets	2.10	0.02
TOTAL INVESTMENT	77.12	61.48
INVESTMENT TURNOVER PER $100 OF SALES	129.67%	162.65%
EARNINGS		
Cost of Product	$80.58	$76.27
Selling Expenses	6.77	7.04
Administrative Expenses	8.65	5.47
	96.00	88.78
Income Before Interest, Other Income, and Taxes	4.00	11.22
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.19%	18.25%

** Sample insufficient for Profit Leaders.

WEB-FED OFFSET**	COMBINATION OFFSET	
ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 1.63	$ 0.86	$ 1.42
16.27	19.46	25.82
24.62	8.49	11.22
4.94	0.00	0.00
0.95	1.08	3.55
48.41	29.89	42.01
10.15	5.16	8.42
37.18	31.77	38.10
1.79	3.55	3.83
49.12	40.48	50.35
3.73	3.61	14.60
101.26	73.98	106.96
98.76%	135.17%	93.49%
$84.65	$82.18	$75.92
3.96	6.32	5.70
7.01	6.93	7.12
95.62	95.43	88.74
4.38	4.57	11.26
4.33%	6.18%	10.53%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%
FACTORY PAYROLL	48.70	43.23	43.21
FACTORY EXPENSES	21.08	20.19	23.46
TOTAL FACTORY COST OF PRODUCT	69.78	63.42	66.67
GROSS PROFIT	30.22	36.58	33.33
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.43	9.51	14.63
Selling expenses	10.37	8.30	9.02
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.80	17.81	23.65
INCOME BEFORE INTEREST EXPENSE	6.42	18.77	9.68
Interest expense	3.31	2.11	3.30
OPERATING INCOME	3.11	16.66	6.38
Other income	1.95	0.70	0.39
INCOME BEFORE INCOME TAXES	5.06	17.36	6.77

** Sample insufficient for Profit Leaders.

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.50%	4.36%	3.16%
Direct wages	32.48	25.50	30.48
General factory salaries and wages	4.05	5.64	2.16
Packing, shipping and delivery wages	1.35	0.85	0.20
Payroll taxes	3.23	2.47	3.73
Employee benefits	4.09	4.41	3.48
TOTAL FACTORY PAYROLL	48.70	43.23	43.21
FACTORY EXPENSES			
Fixed Expenses.			
Depreciation - real estate	0.43	0.39	0.05
Depreciation - other	5.10	4.99	6.24
Taxes - real estate	0.31	0.26	0.06
Taxes - other	0.42	0.82	0.34
Insurance	0.53	0.30	1.18
Building rent	1.86	1.76	2.19
Utilities - heat, light, etc.	1.96	1.85	2.25
Equipment rental	0.32	0.27	1.74
Total Fixed Expenses	10.93	10.64	14.05
Other Expenses			
Factory supplies and expense	3.45	2.99	3.32
Packing, shipping and delivery expense	1.73	0.94	1.73
Repairs and maintenance	3.14	2.86	2.35
Other factory expenses	1.83	2.76	2.01
Total Other Expenses	10.15	9.55	9.41
TOTAL FACTORY EXPENSES	21.08	20.19	23.46
ADMINISTRATIVE EXPENSES			
Salaries - executive	2.77	1.86	5.48
Salaries - office	3.48	2.13	3.58
Payroll taxes	0.46	0.28	0.55
Employee benefits	1.00	0.91	0.45
Bad debts	0.97	0.86	0.57
Office supplies and expenses	0.68	0.33	0.67
Professional fees	1.09	0.80	0.81
Taxes - business	0.37	0.55	0.26
Telephone	0.60	0.52	0.69
Other administrative expenses	2.01	1.27	1.57
TOTAL ADMINISTRATIVE EXPENSES	13.43	9.51	14.63
SELLING EXPENSES			
Salaries - executive	1.37	0.90	0.29
Salaries and commissions - salesmen	4.79	3.94	5.32
Salaries - sales office clerical	1.20	1.01	0.74
Payroll taxes	0.39	0.30	0.39
Employee benefits	0.36	0.26	0.37
Advertising	0.34	0.25	0.06
Travel and entertainment	0.84	0.89	1.41
Other selling expenses	1.08	0.75	0.44
TOTAL SELLING EXPENSES	10.37	8.30	9.02

** Sample insufficient for Profit Leaders.

REPORT ON OPERATIONS - SALES = 100%

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	27.14	28.05	22.57
Other chargeable materials	5.34	5.31	6.02
Outside services	7.66	8.21	17.30
TOTAL MATERIALS	40.14	41.57	45.89
FACTORY PAYROLL	29.23	25.23	23.44
FACTORY EXPENSES	12.60	11.61	13.13
TOTAL FACTORY COST OF PRODUCT	81.97	78.41	82.46
GROSS PROFIT	18.03	21.59	17.54
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	8.02	5.56	7.67
Selling expenses	6.26	5.03	4.56
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.28	10.59	12.23
INCOME BEFORE INTEREST EXPENSE	3.75	11.00	5.31
Interest expense	1.93	1.24	1.43
OPERATING INCOME	1.82	9.76	3.88
Other income	1.13	0.41	0.16
INCOME BEFORE INCOME TAXES	2.95	10.17	4.04

SUPPORTING SCHEDULES - SALES = 100%

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	0.98%	0.66%	1.92%
Film	1.15	0.83	0.90
Plates	1.50	0.94	1.73
Other chargeable materials	1.71	2.88	1.47
TOTAL OTHER CHARGEABLE MATERIALS	5.34	5.31	6.02
OUTSIDE SERVICES			
Composition	0.50	0.21	0.42
Offset preparation	1.76	0.74	0.38
Printing	0.80	1.43	0.06
Binding	2.94	2.82	15.54
Other outside services	1.66	3.01	0.90
TOTAL OUTSIDE SERVICES	7.66	8.21	17.30

** Sample insufficient for Profit Leaders.

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.11%	2.58%	1.56%
Direct wages	19.41	14.74	16.56
General factory salaries and wages	2.51	3.42	1.22
Packing, shipping and delivery wages	0.79	0.51	0.12
Payroll taxes	1.98	1.44	2.02
Employee benefits	2.43	2.54	1.96
TOTAL FACTORY PAYROLL	29.23	25.23	23.44
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.25	0.24	0.03
Depreciation - other	3.02	2.88	3.52
Taxes - real estate	0.19	0.16	0.04
Taxes - other	0.25	0.49	0.17
Insurance	0.32	0.18	0.56
Building rent	1.06	0.87	1.22
Utilities - heat, light, etc.	1.18	1.07	1.20
Equipment rental	0.19	0.16	1.17
Total Fixed Expenses	6.46	6.05	7.91
Other Expenses			
Factory supplies and expense	2.15	1.79	2.01
Packing, shipping and delivery expense	1.04	0.56	0.77
Repairs and maintenance	1.85	1.65	1.26
Other factory expenses	1.10	1.56	1.18
Total Other Expenses	6.14	5.56	5.22
TOTAL FACTORY EXPENSES	12.60	11.61	13.13
ADMINISTRATIVE EXPENSES			
Salaries - executive	1.68	1.10	3.01
Salaries - office	2.10	1.28	1.83
Payroll taxes	0.28	0.17	0.26
Employee benefits	0.59	0.53	0.25
Bad debts	0.55	0.46	0.28
Office supplies and expenses	0.41	0.19	0.35
Professional fees	0.66	0.46	0.41
Taxes - business	0.21	0.31	0.14
Telephone	0.36	0.31	0.36
Other administrative expenses	1.18	0.75	0.78
TOTAL ADMINISTRATIVE EXPENSES	8.02	5.56	7.67
SELLING EXPENSES			
Salaries - executive	0.81	0.53	0.18
Salaries and commissions - salesmen	2.92	2.39	2.53
Salaries - sales office clerical	0.70	0.63	0.45
Payroll taxes	0.24	0.18	0.20
Employee benefits	0.21	0.16	0.21
Advertising	0.21	0.15	0.03
Travel and entertainment	0.50	0.52	0.73
Other selling expenses	0.67	0.47	0.23
TOTAL SELLING EXPENSES	6.26	5.03	4.56

** Sample insufficient for Profit Leaders.

BALANCE SHEET

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	1.54%	1.22%	4.62%
Receivables	33.32	31.81	30.54
Inventories	19.32	27.70	18.08
Other current assets	3.06	1.84	3.58
TOTAL CURRENT ASSETS	57.24	62.57	56.82
FIXED ASSETS			
Real estate	11.18	12.94	8.90
Less: Accumulated depreciation	3.78	5.51	0.41
	7.40	7.43	8.49
Machinery and equipment	60.47	48.85	63.95
Less: Accumulated depreciation	32.95	27.90	32.00
	27.52	20.95	31.95
Other fixed assets	6.07	4.55	4.61
Less: Accumulated depreciation	2.95	3.05	2.45
	3.12	1.50	2.16
NET FIXED ASSETS	38.04	29.88	42.60
OTHER ASSETS	4.72	7.55	0.58
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.64	8.66	15.33
Accounts payable	15.33	19.50	14.32
Other current liabilities	11.12	6.83	5.49
TOTAL CURRENT LIABILITIES	37.09	34.99	35.14
LONG-TERM LIABILITIES	34.00	17.43	27.21
TOTAL LIABILITIES	71.09	52.42	62.35
SHAREHOLDERS' AND PROPRIETORS' EQUITY	28.91	47.58	37.65
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.54	1.79	1.62
QUICK RATIO	1.02	1.00	1.10
TOTAL LIABILITIES TO EQUITY	2.46	1.10	1.66
LONG-TERM LIABILITIES TO EQUITY	1.18	0.37	0.72
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.54	0.57	0.50

** Sample insufficient for Profit Leaders.

SIGNIFICANT FACTS

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 37,605	$ 49,225	$ 46,242
Average assets per factory employee (Excluding Executives)	50,036	60,813	64,790
Average net worth per employee - All employees	11,330	22,244	16,479
Average gross plant investment per factory employee (Excluding Executives)	36,129	36,228	47,411
Net worth percentage of fixed assets	107.93%	215.70%	92.35%
EMPLOYEES			
Percent factory - All employees	80.58%	85.55%	77.12%
Percent administrative - All employees	10.37	7.08	15.89
Percent sales - All employees	9.05	7.37	6.99
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 63,589	$ 68,662	$ 93,887
Sales per factory employee	80,499	80,415	124,096
Sales less material per factory employee	47,257	46,942	64,578
Sales per administrative employee	971,511	2,290,957	1,008,640
EXCLUDING EXECUTIVES			
Sales per employee - All employees	68,994	74,676	103,710
Sales per factory employee	85,099	86,238	132,401
Sales less material per factory employee	49,942	50,385	68,400
SALES PER SALESMAN	1,014,285	1,528,963	1,316,511
SALES TO CURRENT ASSETS	337%	284%	364%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	38.77%	32.21%	32.37%
Factory payroll percentage of gross plant investment	74.82	66.20	66.46
Payroll per employee - All employees	$ 23,817	$ 22,022	$ 28,724
Payroll per factory employee	22,423	20,167	26,474
Payroll per administrative employee	30,992	39,261	44,973
Payroll per sales employee	31,092	34,283	36,079
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 18,899	$ 16,916	$ 22,579
Payroll per factory employee	18,373	15,861	21,450
Payroll per administrative employee	16,261	17,109	18,036
Payroll per sales employee	25,997	27,112	31,458
EXECUTIVE PAYROLL			
Payroll per executive - All executives	38,686	35,535	43,778
Payroll per factory executive	32,625	31,572	26,237
Payroll per administrative executive	51,219	55,798	64,436
Payroll per sales executive	36,821	36,878	27,500
RECEIVABLES			
Collection period	70.3	79.3	56.7
PROFIT			
Gross profit percentage of sales	18.03%	21.59%	17.54%
Average gross profit per factory employee	$ 15,921	$ 18,833	$ 23,293
Income before taxes percentage of sales	2.95%	10.17%	4.04%
Average income before taxes per employee	$ 2,288	$ 6,920	$ 4,033

** Sample insufficient for Profit Leaders.

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTING AND BINDING		PRINTING ONLY**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 0.79	$ 1.18	$ 2.40
Receivables	18.44	20.10	14.97
Inventories	12.19	22.72	8.86
Marketable securities	0.73	0.00	0.00
Other current assets	1.29	1.43	1.79
	33.44	45.43	28.02
Plant Investment:			
Land and building	6.46	7.36	4.43
Machinery and equipment	34.25	30.73	32.69
Other fixed assets	3.36	2.96	2.47
	44.07	41.05	39.59
Non-Current Assets	3.17	6.02	0.31
TOTAL INVESTMENT	80.68	92.50	67.92
INVESTMENT TURNOVER PER $100 OF SALES	123.95%	108.11%	147.23%
EARNINGS			
Cost of Product	$81.97	$78.41	$82.46
Selling Expenses	6.26	5.03	4.56
Administrative Expenses	8.02	5.56	7.67
	96.25	89.00	94.69
Income Before Interest, Other Income, and Taxes	3.75	11.00	5.31
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	4.65%	11.89%	7.82%

** Sample insufficient for Profit Leaders.

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	31	$ 5,166,000	$ 8,656,000	$ 455,000
TOTAL - PROFIT LEADERS*	6	8,266,000	12,245,000	1,201,000
BY SIZE OF FIRM				
ALL FIRMS				
$500,000-$1,500,000	3	743,000	1,157,000	(26,000)
$1,500,000-$5,000,000	8	1,372,000	2,543,000	31,000
$5,000,000-$10,000,000	11	3,882,000	7,071,000	289,000
Over $10,000,000	9	11,580,000	18,528,000	1,195,000
PROFIT LEADERS				
$5,000,000-$10,000,000	2	4,120,000	6,851,000	751,000
Over $10,000,000	4	10,340,000	14,943,000	1,426,000
BY PROCESS SPECIALTY				
ALL FIRMS				
Sheet-Fed Offset	16	4,628,000	7,981,000	450,000
Web-Fed Offset	4	8,705,000	10,840,000	540,000
Combination--Sheet-Fed/Web-Fed Offset	10	5,016,000	9,570,000	488,000
PROFIT LEADERS				
Sheet-Fed Offset	3	6,474,000	13,281,000	1,327,000
Combination--Sheet-Fed/Web-Fed Offset	2	7,117,000	9,055,000	973,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Printing and Binding	27	5,435,000	8,906,000	463,000
Printing Only	4	3,345,000	6,972,000	401,000
PROFIT LEADERS				
Printing and Binding	5	8,390,000	11,596,000	1,183,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in these books, these figures are arithmetic averages. See explanatory note on page 42.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

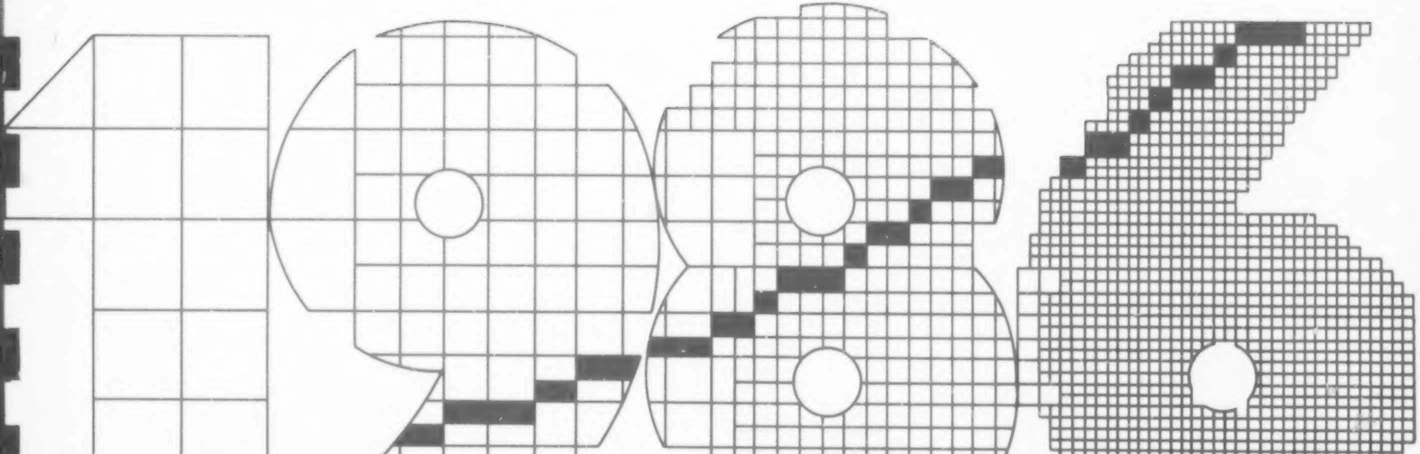
			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

1986
Financial
Ratio
Study

Large Printers' Ratios

Volume X

A 8740-1.10 U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

LARGE PRINTING FIRMS

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PRINTING INDUSTRIES OF AMERICA, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

Offices:
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 159 Large Printers (annual sales volume of $10,000,000 or more) across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales from $10 to $20 million, sales from $20 to $40 million, etc.; and by product specialty - for example, Commercial and Advertising, Magazine and Periodical, etc. Readers can compare their firm's operations with other firms having the same sales volume, or product specialty in five areas: Operations based on Value Added and its Supporting Schedules, Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD 2

VALUE ADDED - WHAT IT MEANS TO YOU 4- 5

CHAPTER 1 - BY SIZE OF FIRM 6-19
  Report on Operations - Value Added = 100% 6- 7
  Supporting Schedules - Value Added = 100% 8- 9
  Report on Operations - Sales = 100% 10-11
  Supporting Schedules - Sales = 100% 10-13
  Balance Sheet 14-15
  Significant Facts 16-17
  Return on Investment - Per $100 of Sales 18-19

CHAPTER 2 - BY PRODUCT SPECIALTY 20-33
  Report on Operations - Value Added = 100% 20-21
  Supporting Schedules - Value Added = 100% 22-23
  Report on Operations - Sales = 100% 24-25
  Supporting Schedules - Sales = 100% 24-27
  Balance Sheet 28-29
  Significant Facts 30-31
  Return on Investment - Per $100 of Sales 32-33

ABSOLUTE DATA 34-35

Printing Industries of America, Inc. recognizes that the industry's largest printing firms have some unique needs which are not generally being met in the industry. For this reason PIA has developed programs and services for the benefit of these companies. One of these services is this special ratio study undertaken exclusively for companies of this size. Another effort on the part of PIA to meet the needs of large firms is the Conference Board of Major Printers. Listed below is information regarding this PIA special section.

- CBMP is the only organization dedicated to the needs of the large printers.
- Membership is limited to Chief Executive Officers of selected printing companies.
- CBMP pursues specific projects of special interest to large printers, via special presentations at the bi-annual Meetings, and via montly *UP-DATE SURVEYS* and *REPORTS* on current topics of interest.
- CBMP represents the interests of the major printers within PIA, by assuring that appropriate PIA programs are offered to its members.
- CBMP provides basic leadership to the printing industry as a whole.
- CBMP studies the impact of government regulations and legislation on the large printing organizations.
- CBMP studies the impact on large printers of suppliers of equipment and materials.
- CBMP strives toward better understanding of customer needs through its own special studies.
- CBMP is comprised of over 40 member companies who produce every type of printed product.
- CBMP is dedicated to provide guidance in the area of quality control, materials management, and other management disciplines for the large printer.

Laura M. Yoder, Exec. Director
Conference-Board of Major Printers
(703) 841-4803

VALUE ADDED -- WHAT IT MEANS TO YOU

VALUE ADDED DEFINED

Value added is a technical term for sales of a company's own manufacture. It is calculated as sales less material costs and outside services.

Sales		$100.00
Less: Materials		
Paper	$ 23.00	
Other chargeable materials	5.00	
Outside services	8.00	36.00
Value Added		$ 64.00

Material costs include paper and other chargeable materials such as ink, film, plates etc., but not general supplies or the repair and maintenance of equipment. Outside services are purchases of job-related services - composition, offset preparation, printing, bindery, etc.

Value added financial management is based on a fundamental principle of accounting: Profit is achieved from sales of a company's own manufacture. Time and time again, when printing companies show high sales but low profits, the root of the problem is in the failure to pay attention to the relationship between value added and profit performance.

VALUE ADDED AND PROFITS

Since value added is sales less material costs, it becomes a critical factor in paying your remaining expenses - expenses such as factory labor, other factory expenses, administrative expenses, selling expenses, and interest.

What is left is profit.

All sales do not contribute equally to fixed costs and profits. There are "good sales" and "better sales." Good sales are sales that require more than an average amount of materials and outside services. As a result, they have less value added with which to cover fixed costs and to produce a profit. They are called "good sales" simply because there are no "bad sales" in the printing industry.

Better sales require fewer materials and more inside sales - sales of your company's own manufacture. This type of sale generously covers overhead and pays more dollars into profits. Printing firms that follow value added financial management procedures do all work inside unless they cannot avoid sending it out.

A VALUE ADDED STATEMENT OF OPERATIONS

In keeping with the value added concept, operating statements are more meaningful when prepared on the basis of inside sales. In this type of statement presentation, management starts its financial analysis with value added instead of the sales column. This eliminates the distortion introduced by material costs. For example, in comparing percentages based on sales of a short-run, sheet-fed company and a web offset firm, we could be faced with a significant difference in ratios because of differences in material costs. Although it would appear that the web offset operation had a lower factory labor cost because a substantial amount of its sales were materials, this might, in fact, not be the case at all. Instead the factory labor cost could be more or less than its counterpart sheet-fed operation as it relates to the value added produced by this labor.

	COMPANY S SHEET-FED		COMPANY W WEB-FED	
		% OF SALES		% OF SALES
SALES	$1,000,000	100.00%	$1,000,000	100.00%
MATERIALS				
Paper	197,300	19.73	387,900	38.79
Other chargeable materials	42,800	4.28	35,000	3.50
Outside services	87,900	8.79	30,000	3.00
	328,000	32.80	452,900	45.29
		% OF VALUE ADDED		% OF VALUE ADDED
VALUE ADDED	672,000	100.00%	547,100	100.00%
FACTORY PAYROLL	241,800	35.98	177,500	32.44
FACTORY EXPENSES	121,800	18.13	101,300	18.52
	363,600	54.11	278,800	50.96
GROSS PROFIT	308,400	45.89	268,300	49.04
SELLING AND ADMINISTRATIVE EXPENSES	187,500	27.90	141,700	25.90
INCOME BEFORE INTEREST EXPENSE	120,900	17.99	126,600	23.14
Interest expense	18,300	2.72	7,900	1.44
OPERATING INCOME	102,600	15.27	118,700	21.70
Other income	10,200	1.52	16,200	2.96
INCOME BEFORE INCOME TAXES	$ 112,800	16.79%	$ 134,900	24.66%

The point is that every company's product mix is different, and by using statements of operations based on value added, this product mix difference is eliminated. Consequently, value added is a better statement with which to evaluate your operations.

REPORT ON OPERATIONS - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	44.52	41.29	44.38	41.70
FACTORY EXPENSES	20.74	19.28	19.57	17.52
TOTAL FACTORY COST OF PRODUCT	65.26	60.57	63.95	59.22
GROSS PROFIT	34.74	39.43	36.05	40.78
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.81	9.42	11.62	10.75
Selling expenses	13.13	10.13	14.50	11.76
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.94	19.55	26.12	22.51
INCOME BEFORE INTEREST EXPENSE	10.80	19.88	9.93	18.27
Interest expense	3.25	2.14	3.29	1.78
OPERATING INCOME	7.55	17.74	6.64	16.49
Other income	1.54	3.06	0.98	0.96
INCOME BEFORE INCOME TAXES	9.09	20.80	7.62	17.45

* See page 10 for the definition of "Profit Leaders".

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
X	X	X	X	X	X
X	X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
44.59	40.88	44.98	38.29	45.24	43.69
22.12	20.78	23.67	23.52	17.84	17.27
66.71	61.66	68.65	61.81	63.08	60.96
33.29	38.34	31.35	38.19	36.92	39.04
9.98	8.03	9.83	9.74	7.70	6.77
11.87	9.37	10.50	5.80	10.56	8.47
21.85	17.40	20.33	15.54	18.26	15.24
11.44	20.94	11.02	22.65	18.66	23.80
3.16	2.85	3.63	1.82	2.03	1.26
8.28	18.09	7.39	20.83	16.63	22.54
2.64	6.82	1.40	0.96	1.61	0.83
10.92	24.91	8.79	21.79	18.24	23.37

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.86%	2.99%	2.84%	3.84%
Direct wages	27.47	25.36	27.88	26.15
General factory salaries and wages	4.86	4.22	4.67	3.64
Packing, shipping and delivery wages	1.73	1.56	1.70	1.61
Payroll taxes	2.80	2.59	2.85	2.67
Employee benefits	4.80	4.57	4.44	3.79
TOTAL FACTORY PAYROLL	44.52	41.29	44.38	41.70
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.44	0.44	0.38	0.35
Depreciation - other	5.31	5.40	4.95	4.74
Taxes - real estate	0.35	0.29	0.33	0.21
Taxes - other	0.37	0.31	0.40	0.39
Insurance	0.48	0.38	0.50	0.35
Building rent	1.08	0.78	1.29	1.08
Utilities - heat, light, etc.	2.38	2.35	2.13	2.03
Equipment rental	0.75	0.41	0.91	0.43
Total Fixed Expenses	11.16	10.36	10.89	9.58
Other Expenses				
Factory supplies and expense	3.91	3.96	3.44	3.47
Packing, shipping and delivery expense	1.68	1.42	1.61	1.15
Repairs and maintenance	2.41	2.34	2.27	2.31
Other factory expenses	1.58	1.20	1.36	1.01
Total Other Expenses	9.58	8.92	8.68	7.94
TOTAL FACTORY EXPENSES	20.74	19.28	19.57	17.52
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.30	2.45	2.70	3.05
Salaries - office	2.68	1.99	2.78	2.30
Payroll taxes	0.33	0.30	0.36	0.38
Employee benefits	0.71	0.77	0.75	0.85
Bad debts	0.69	0.54	0.76	0.74
Office supplies and expenses	0.51	0.46	0.55	0.50
Professional fees	0.73	0.65	0.83	0.84
Taxes - business	0.13	0.12	0.17	0.18
Telephone	0.49	0.46	0.57	0.61
Other administrative expenses	2.24	1.68	2.15	1.30
TOTAL ADMINISTRATIVE EXPENSES	10.81	9.42	11.62	10.75
SELLING EXPENSES				
Salaries - executive	1.30	1.05	1.48	1.55
Salaries and commissions - salesmen	6.41	4.42	7.28	4.55
Salaries - sales office clerical	1.49	1.51	1.50	1.98
Payroll taxes	0.42	0.29	0.47	0.38
Employee benefits	0.61	0.49	0.61	0.57
Advertising	0.52	0.31	0.65	0.39
Travel and entertainment	1.08	0.83	1.29	1.21
Other selling expenses	1.30	1.23	1.22	1.13
TOTAL SELLING EXPENSES	13.13	10.13	14.50	11.76

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
3.06%	2.25%	3.00%	3.26%	0.77%	0.81%
26.71	23.78	26.95	26.27	31.77	30.79
4.78	4.78	5.61	2.33	4.62	3.41
1.93	1.69	1.43	1.59	1.66	1.00
2.83	2.47	2.57	2.05	2.38	3.36
5.28	5.91	5.42	2.79	4.04	4.32
44.59	40.88	44.98	38.29	45.24	43.69
0.51	0.55	0.54	0.35	0.44	0.77
5.51	5.70	6.59	7.39	5.43	6.80
0.34	0.38	0.45	0.27	0.47	0.53
0.38	0.23	0.24	0.33	0.27	0.09
0.49	0.40	0.40	0.61	0.32	0.24
0.93	0.47	0.54	0.85	0.56	0.14
2.58	2.45	3.03	3.03	2.93	3.45
0.66	0.50	0.31	0.09	0.14	0.05
11.40	10.68	12.10	12.92	10.56	12.07
4.52	4.59	4.68	4.25	4.04	4.12
1.82	1.69	1.72	1.30	1.14	1.06
2.32	2.06	3.50	3.72	2.08	2.25
2.06	1.76	1.67	1.33	0.02	(2.23)
10.72	10.10	11.57	10.60	7.28	5.20
22.12	20.78	23.67	23.52	17.84	17.27
1.93	2.04	1.61	1.97	0.87	0.71
2.76	1.71	1.89	0.85	2.83	2.47
0.33	0.24	0.19	0.08	0.27	0.29
0.66	0.74	0.60	0.25	0.89	0.92
0.44	0.39	1.07	0.16	0.73	0.41
0.46	0.34	0.47	0.91	0.37	0.43
0.55	0.50	0.86	0.54	0.38	0.35
0.08	0.04	0.08	0.19	0.00	0.00
0.41	0.31	0.36	0.29	0.34	0.25
2.36	1.72	2.70	4.50	1.02	0.94
9.98	8.03	9.83	9.74	7.70	6.77
1.03	0.64	1.35	0.41	0.55	0.46
5.71	4.78	4.23	2.94	5.75	3.48
1.59	1.20	1.33	0.60	0.87	1.00
0.40	0.23	0.32	0.11	0.24	0.20
0.62	0.45	0.63	0.38	0.31	0.25
0.38	0.24	0.32	0.13	0.49	0.42
0.70	0.45	1.07	0.36	0.75	0.66
1.44	1.38	1.25	0.87	1.60	2.00
11.87	9.37	10.50	5.80	10.56	8.47

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	29.23	27.67	26.87	24.89
Other chargeable materials	6.12	5.84	5.27	5.13
Outside services	7.44	6.93	8.47	6.77
TOTAL MATERIALS	42.84	40.44	40.61	36.79
FACTORY PAYROLL	25.56	24.59	26.48	26.06
FACTORY EXPENSES	11.75	11.32	11.63	11.00
TOTAL FACTORY COST OF PRODUCT	80.15	76.35	78.72	73.85
GROSS PROFIT	19.85	23.65	21.28	26.15
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.18	5.67	6.80	6.88
Selling expenses	7.62	6.46	8.65	8.08
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	13.80	12.13	15.45	14.96
INCOME BEFORE INTEREST EXPENSE	6.05	11.52	5.83	11.19
Interest expense	1.80	1.20	1.93	1.12
OPERATING INCOME	4.25	10.32	3.90	10.07
Other income	0.85	1.70	0.57	0.59
INCOME BEFORE INCOME TAXES	5.10	12.02	4.47	10.66

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS				
Ink	2.79%	2.84%	2.01%	1.62%
Film	1.01	0.88	1.13	1.02
Plates	1.04	0.89	1.20	0.93
Other chargeable materials	1.28	1.23	0.93	1.56
TOTAL OTHER CHARGEABLE MATERIALS	6.12	5.84	5.27	5.13
OUTSIDE SERVICES				
Composition	0.44	0.35	0.59	0.40
Offset preparation	1.08	0.93	1.38	1.23
Printing	1.62	1.97	1.42	1.14
Binding	2.50	1.93	2.89	1.40
Other outside services	1.80	1.75	2.19	2.60
TOTAL OUTSIDE SERVICES	7.44	6.93	8.47	6.77

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
30.65	29.42	37.17	31.70	33.64	34.52
7.06	6.08	7.65	7.95	7.46	7.53
6.26	6.51	6.04	12.51	5.95	5.54
43.97	42.01	50.36	52.16	47.05	47.59
25.10	23.89	22.24	18.79	23.91	23.26
12.15	11.91	11.66	11.01	9.44	9.13
81.22	77.81	84.76	81.96	80.40	79.98
18.78	22.19	15.24	18.04	19.60	20.02
5.67	4.62	4.84	4.58	4.14	3.43
6.81	5.54	5.15	2.91	5.70	4.32
12.48	10.16	9.99	7.49	9.84	7.75
6.30	12.03	5.25	10.55	9.76	12.27
1.64	1.48	1.86	0.80	1.09	0.51
4.66	10.55	3.39	9.75	8.67	11.76
1.44	3.73	0.69	0.47	0.76	0.34
6.10	14.28	4.08	10.22	9.43	12.10

3.38%	3.28%	4.57%	5.87%	5.31%	6.65%
0.94	0.83	0.65	0.62	0.66	0.32
0.90	0.88	0.65	0.93	0.60	0.46
1.84	1.09	1.78	0.53	0.89	0.10
7.06	6.08	7.65	7.95	7.46	7.53
0.29	0.32	0.13	0.47	0.15	0.42
0.71	0.98	0.68	0.17	0.25	0.00
1.61	1.02	2.72	9.83	2.34	0.66
2.16	2.72	1.79	1.62	1.39	1.04
1.49	1.47	0.72	0.42	1.82	3.42
6.26	6.51	6.04	12.51	5.95	5.54

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.65%	1.83%	1.72%	2.47%
Direct wages	15.73	15.00	16.59	16.26
General factory salaries and wages	2.79	2.53	2.75	2.26
Packing, shipping and delivery wages	1.00	0.91	1.04	1.01
Payroll taxes	1.63	1.56	1.71	1.66
Employee benefits	2.76	2.76	2.67	2.40
TOTAL FACTORY PAYROLL	25.56	24.59	26.48	26.06
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.25	0.27	0.23	0.23
Depreciation - other	2.98	3.12	2.93	2.95
Taxes - real estate	0.19	0.17	0.20	0.14
Taxes - other	0.21	0.17	0.24	0.24
Insurance	0.27	0.22	0.30	0.22
Building rent	0.62	0.47	0.76	0.66
Utilities - heat, light, etc.	1.34	1.35	1.26	1.26
Equipment rental	0.43	0.26	0.54	0.29
Total Fixed Expenses	6.29	6.03	6.46	5.99
Other Expenses				
Factory supplies and expense	2.26	2.39	2.08	2.29
Packing, shipping and delivery expense	0.95	0.85	0.95	0.72
Repairs and maintenance	1.35	1.34	1.35	1.42
Other factory expenses	0.90	0.71	0.79	0.58
Total Other Expenses	5.46	5.29	5.17	5.01
TOTAL FACTORY EXPENSES	11.75	11.32	11.63	11.00
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.31	1.46	1.58	1.93
Salaries - office	1.57	1.22	1.62	1.47
Payroll taxes	0.19	0.19	0.22	0.25
Employee benefits	0.41	0.46	0.44	0.53
Bad debts	0.38	0.31	0.43	0.44
Office supplies and expenses	0.29	0.28	0.33	0.34
Professional fees	0.41	0.40	0.49	0.54
Taxes - business	0.07	0.07	0.10	0.11
Telephone	0.29	0.29	0.34	0.41
Other administrative expenses	1.26	0.99	1.25	0.86
TOTAL ADMINISTRATIVE EXPENSES	6.18	5.67	6.80	6.88
SELLING EXPENSES				
Salaries - executive	0.75	0.70	0.89	1.10
Salaries and commissions - salesmen	3.69	2.72	4.29	3.00
Salaries - sales office clerical	0.88	0.98	0.93	1.40
Payroll taxes	0.25	0.18	0.28	0.25
Employee benefits	0.36	0.32	0.37	0.40
Advertising	0.31	0.21	0.39	0.28
Travel and entertainment	0.62	0.55	0.76	0.84
Other selling expenses	0.76	0.80	0.74	0.81
TOTAL SELLING EXPENSES	7.62	6.46	8.65	8.08

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
1.73%	1.31%	1.47%	1.55%	0.44%	0.50%
14.92	13.80	13.38	12.83	16.85	16.49
2.76	2.86	2.75	1.10	2.31	1.70
1.05	0.96	0.71	0.71	0.92	0.45
1.62	1.47	1.29	1.10	1.34	1.80
3.02	3.49	2.64	1.50	2.05	2.32
25.10	23.89	22.24	18.79	23.91	23.26
0.29	0.32	0.27	0.19	0.21	0.37
2.97	3.22	3.23	3.49	2.78	3.41
0.18	0.21	0.21	0.14	0.23	0.27
0.20	0.12	0.12	0.15	0.15	0.06
0.26	0.23	0.21	0.32	0.18	0.11
0.51	0.29	0.26	0.40	0.33	0.06
1.40	1.37	1.51	1.45	1.54	1.79
0.36	0.29	0.16	0.05	0.07	0.03
6.17	6.05	5.97	6.19	5.49	6.10
2.57	2.66	2.34	2.02	2.14	2.06
0.98	1.00	0.85	0.64	0.57	0.53
1.26	1.16	1.67	1.61	1.09	1.18
1.17	1.04	0.83	0.55	0.15	(0.74)
5.98	5.86	5.69	4.82	3.95	3.03
12.15	11.91	11.66	11.01	9.44	9.13
1.05	1.15	0.79	0.91	0.49	0.40
1.61	1.00	0.95	0.40	1.59	1.31
0.19	0.14	0.10	0.04	0.16	0.16
0.39	0.44	0.30	0.13	0.46	0.43
0.26	0.23	0.51	0.06	0.33	0.17
0.26	0.19	0.23	0.41	0.19	0.20
0.30	0.28	0.43	0.24	0.22	0.20
0.05	0.02	0.04	0.11	0.00	0.00
0.23	0.18	0.18	0.13	0.19	0.11
1.33	0.99	1.31	2.15	0.51	0.45
5.67	4.62	4.84	4.58	4.14	3.43
0.58	0.37	0.66	0.19	0.30	0.23
3.29	2.83	2.10	1.62	3.03	1.48
0.90	0.68	0.67	0.29	0.46	0.56
0.23	0.14	0.15	0.06	0.14	0.11
0.36	0.27	0.31	0.21	0.17	0.14
0.22	0.14	0.16	0.06	0.24	0.20
0.39	0.27	0.52	0.14	0.39	0.33
0.84	0.84	0.58	0.34	0.97	1.27
6.81	5.54	5.15	2.91	5.70	4.32

BALANCE SHEET

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	4.15%	8.12%	4.44%	10.33%
Receivables	30.91	27.37	31.97	29.04
Inventories	14.50	12.93	14.43	16.05
Other current assets	3.37	6.06	3.24	4.87
TOTAL CURRENT ASSETS	52.93	54.48	54.08	60.29
FIXED ASSETS				
Real estate	12.61	11.54	12.19	11.77
Less: Accumulated depreciation	3.29	2.84	2.98	2.82
	9.32	8.70	9.21	8.95
Machinery and equipment	59.03	53.87	57.12	44.24
Less: Accumulated depreciation	28.44	24.35	28.93	20.58
	30.59	29.52	28.19	23.66
Other fixed assets	4.93	4.05	6.37	6.16
Less: Accumulated depreciation	2.38	2.06	3.17	3.23
	2.55	1.99	3.20	2.93
NET FIXED ASSETS	42.46	40.21	40.60	35.54
OTHER ASSETS	4.61	5.31	5.32	4.17
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	9.61	3.71	11.70	3.92
Accounts payable	13.34	10.38	13.67	10.62
Other current liabilities	9.34	9.69	9.20	10.52
TOTAL CURRENT LIABILITIES	32.29	23.78	34.57	25.06
LONG-TERM LIABILITIES	25.85	21.41	27.64	19.81
TOTAL LIABILITIES	58.14	45.19	62.21	44.87
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.86	54.81	37.79	55.13
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.64	2.29	1.56	2.41
QUICK RATIO	1.19	1.75	1.15	1.77
TOTAL LIABILITIES TO EQUITY	1.39	0.82	1.65	0.81
LONG-TERM LIABILITIES TO EQUITY	0.62	0.39	0.73	0.36
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.48	0.45	0.51	0.47

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
4.71%	7.43%	1.51%	4.54%	2.86%	0.99%
30.32	25.59	27.90	29.89	28.12	20.63
14.70	9.24	14.07	9.68	17.06	16.47
4.01	8.13	1.72	5.79	4.79	3.39
53.74	50.39	45.20	49.90	52.83	41.48
13.21	11.04	13.24	6.87	11.52	18.07
3.73	2.98	3.61	1.50	3.32	3.54
9.48	8.06	9.63	5.37	8.20	14.53
59.13	60.91	67.36	67.48	61.97	65.66
27.63	25.86	26.97	29.92	30.80	34.02
31.50	35.05	40.39	37.56	31.17	31.64
3.70	2.17	1.70	1.71	2.24	2.77
1.61	1.06	0.87	0.86	0.87	0.85
2.09	1.11	0.83	0.85	1.37	1.92
43.07	44.22	50.85	43.78	40.74	48.09
3.19	5.39	3.95	6.32	6.43	10.43
100.00	100.00	100.00	100.00	100.00	100.00

6.81	4.47	8.19	1.52	4.74	1.09
13.59	10.33	12.33	11.88	9.85	9.18
10.72	9.84	6.30	7.15	8.95	5.48
31.12	24.64	26.82	20.55	23.54	15.75
23.05	22.90	26.14	25.11	15.25	11.88
54.17	47.54	52.96	45.66	38.79	27.63
45.83	52.46	47.04	54.34	61.21	72.37
100.00	100.00	100.00	100.00	100.00	100.00

1.73	2.05	1.69	2.43	2.24	2.63
1.25	1.67	1.16	1.96	1.52	1.59
1.18	0.91	1.13	0.84	0.63	0.38
0.50	0.44	0.56	0.46	0.25	0.16
0.47	0.42	0.40	0.44	0.50	0.52

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 59,044	$ 68,199	$ 53,304	$ 55,622
Average assets per factory employee (Excluding Executives)	79,047	85,842	75,096	73,666
Average net worth per employee - All employees	24,797	36,073	19,956	29,067
Average gross plant investment per factory employee (Excluding Executives)	57,846	58,500	52,865	43,112
Net worth percentage of fixed assets	115.53%	158.14%	109.94%	181.91%
EMPLOYEES				
Percent factory - All employees	81.18%	84.64%	79.67%	82.66%
Percent administrative - All employees	8.66	7.07	8.94	7.15
Percent sales - All employees	10.16	8.29	11.39	10.19
SALES - VALUE OF PRODUCT PRODUCED				
INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 102,480	$ 104,076	$ 94,817	$ 78,524
Sales per factory employee	134,673	124,163	133,022	96,532
Sales less material per factory employee	72,913	69,550	74,633	60,086
Sales per administrative employee	1,512,386	1,853,829	1,264,370	1,522,045
EXCLUDING EXECUTIVES				
Sales per employee - All employees	109,336	110,909	101,425	85,494
Sales per factory employee	141,053	130,521	139,019	103,894
Sales less material per factory employee	76,458	73,312	78,197	64,854
SALES PER SALESMAN	1,748,675	2,328,168	1,156,078	1,336,633
SALES TO CURRENT ASSETS	369%	318%	368%	278%
PAYROLL - INCLUDING TAXES AND BENEFITS				
INCLUDING EXECUTIVES				
Total payroll percentage of sales	34.97%	32.84%	37.12%	36.38%
Factory payroll percentage of gross plant investment	65.84	60.17	71.15	69.55
Payroll per employee - All employees	$ 33,838	$ 31,050	$ 34,147	$ 27,587
Payroll per factory employee	30,357	27,806	30,156	24,149
Payroll per administrative employee	41,297	47,367	42,648	49,225
Payroll per sales employee	60,295	56,008	58,247	45,935
PAYROLL - EXCLUDING TAXES AND BENEFITS				
EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,513	$ 23,781	$ 26,823	$ 20,955
Payroll per factory employee	24,430	22,012	24,477	19,307
Payroll per administrative employee	20,984	19,754	21,065	19,787
Payroll per sales employee	50,337	45,276	49,054	36,721
EXECUTIVE PAYROLL				
Payroll per executive - All executives	66,679	62,177	69,509	53,608
Payroll per factory executive	44,482	43,046	44,783	37,957
Payroll per administrative executive	93,766	101,825	94,407	99,856
Payroll per sales executive	78,499	67,422	75,631	63,095
RECEIVABLES				
Collection period	63.9	64.2	63.7	68.8
PROFIT				
Gross profit percentage of sales	19.85%	23.65%	21.28%	26.15%
Average gross profit per factory employee	$ 29,412	$ 29,976	$ 32,233	$ 27,782
Income before taxes percentage of sales	5.10%	12.02%	4.47%	10.66%
Average income before taxes per employee	$ 5,348	$ 12,317	$ 4,106	$ 8,448

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 59,976	$ 76,187	$ 80,945	$ 92,149	$ 83,180	$ 98,482
76,889	94,160	101,742	109,654	99,721	114,367
26,729	39,627	37,715	44,011	53,658	68,813
57,660	70,671	80,597	75,662	74,442	90,828
129.03%	136.52%	95.50%	126.31%	163.36%	158.79%
82.41%	85.36%	84.66%	90.47%	83.86%	87.91%
8.91	7.37	6.27	4.56	9.33	7.57
8.68	7.27	9.07	4.97	6.81	4.52
$ 103,909	$ 120,050	$ 129,094	$ 152,970	$ 143,137	$ 160,004
127,660	143,347	155,669	170,182	170,062	184,539
68,437	78,236	74,464	77,490	80,612	83,862
1,621,387	1,821,481	2,487,447	4,177,050	1,726,032	1,988,205
110,646	126,329	138,975	165,728	145,546	162,472
133,880	148,409	166,074	181,058	171,621	186,036
71,819	81,040	79,213	82,212	81,443	84,714
2,210,537	2,750,557	3,212,356	3,986,588	3,777,434	4,458,271
369%	350%	381%	357%	326%	377%
33.71%	30.91%	28.26%	22.65%	30.70%	28.08%
64.66	54.61	44.54	42.84	54.07	40.59
$ 32,361	$ 34,157	$ 35,078	$ 31,762	$ 38,878	$ 39,016
29,439	30,924	32,390	29,419	36,572	35,986
38,416	43,114	43,720	59,782	34,502	41,521
62,926	64,198	58,796	52,975	75,902	88,429
$ 25,155	$ 25,852	$ 27,231	$ 25,916	$ 32,561	$ 31,483
23,223	23,792	25,948	24,846	31,087	29,466
20,120	18,489	22,619	19,798	21,245	24,825
51,659	50,742	47,724	43,720	69,386	80,542
62,088	70,536	61,556	59,701	77,276	82,840
43,550	46,636	42,151	45,684	57,694	60,872
93,123	101,237	91,355	109,149	97,028	117,656
77,795	63,995	88,473	83,156	102,007	90,640
63.7	60.5	66.0	64.6	63.0	48.9
18.78%	22.19%	15.24%	18.04%	19.60%	20.02%
$ 25,118	$ 32,399	$ 26,692	$ 31,414	$ 29,948	$ 33,859
6.10%	14.28%	4.08%	10.22%	9.43%	12.10%
$ 6,693	$ 16,211	$ 5,807	$ 15,273	$ 12,984	$ 17,297

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES FROM $10 TO $20 MILLION	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.73	$ 6.13	$ 3.04	$ 8.29
Receivables	16.95	17.04	16.87	18.13
Inventories	8.29	9.10	8.30	12.25
Marketable securities	0.83	2.01	0.82	1.50
Other current assets	1.26	2.30	1.08	1.94
	30.06	36.58	30.11	42.11
Plant Investment:				
Land and building	7.67	7.74	7.74	8.41
Machinery and equipment	33.37	34.06	31.28	29.10
Other fixed assets	2.62	2.52	3.37	3.79
	43.66	44.32	42.39	41.30
Non-Current Assets	2.85	3.72	3.17	3.07
TOTAL INVESTMENT	76.57	84.62	75.67	86.48
INVESTMENT TURNOVER PER $100 OF SALES	130.60%	118.18%	132.15%	115.63%
EARNINGS				
Cost of Product	$80.15	$76.35	$78.72	$73.85
Selling Expenses	7.62	6.46	8.65	8.08
Administrative Expenses	6.18	5.67	6.80	6.88
	93.95	88.48	94.17	88.81
Income Before Interest, Other Income, and Taxes	6.05	11.52	5.83	11.19
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.90%	13.61%	7.70%	12.94%

SALES FROM $20 TO $40 MILLION		SALES FROM $40 TO $80 MILLION		SALES FROM $80 TO $160 MILLION	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
$ 2.94	$ 5.12	$ 0.84	$ 2.69	$ 1.97	$ 0.69
16.97	16.08	17.39	17.55	16.73	13.09
8.04	5.70	8.71	5.71	10.11	10.37
0.95	2.67	0.32	1.69	1.04	2.07
1.82	3.46	0.61	1.29	1.69	0.30
30.72	33.03	27.87	28.93	31.54	26.52
7.24	6.96	8.58	4.02	7.20	11.85
33.16	38.07	43.41	37.91	37.94	42.79
1.96	1.36	1.02	1.08	1.37	1.91
42.36	46.39	53.01	43.01	46.51	56.55
2.08	3.91	2.76	4.14	3.91	6.14
75.16	83.33	83.64	76.08	81.96	89.21
133.05%	120.00%	119.56%	131.44%	122.01%	112.10%
$81.22	$77.81	$84.76	$81.96	$80.40	$79.98
6.81	5.54	5.15	2.91	5.70	4.32
5.67	4.62	4.84	4.58	4.14	3.43
93.70	87.97	94.75	89.45	90.24	87.73
6.30	12.03	5.25	10.55	9.76	12.27
8.38%	14.44%	6.28%	13.87%	11.91%	13.75%

REPORT ON OPERATIONS - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	X	X	X	X
LESS: PAPER, OTHER CHARGEABLE MATERIALS AND OUTSIDE SERVICES	X	X	X	X
VALUE ADDED BY MANUFACTURE	100.00%	100.00%	100.00%	100.00%
FACTORY PAYROLL	43.89	39.89	47.45	41.79
FACTORY EXPENSES	20.46	17.88	23.24	22.21
TOTAL FACTORY COST OF PRODUCT	64.35	57.77	70.69	64.00
GROSS PROFIT	35.65	42.23	29.31	36.00
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	10.83	9.55	9.34	8.78
Selling expenses	14.14	12.66	8.33	5.72
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.97	22.21	17.67	14.50
INCOME BEFORE INTEREST EXPENSE	10.68	20.02	11.64	21.50
Interest expense	3.60	2.29	2.99	2.61
OPERATING INCOME (LOSS)	7.08	17.73	8.65	18.89
Other income (expense)	1.57	4.59	1.41	1.67
INCOME BEFORE INCOME TAXES	8.65	22.32	10.06	20.56

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
X	X	X	X	X
X	X	X	X	X
100.00%	100.00%	100.00%	100.00%	100.00%
43.24	43.09	45.46	43.44	55.72
18.58	17.92	20.96	20.46	18.83
61.82	61.01	66.42	63.90	74.55
38.18	38.99	33.58	36.10	25.45
9.79	10.96	10.67	9.13	12.40
9.74	8.74	11.60	9.53	11.55
19.53	19.70	22.27	18.66	23.95
18.65	19.29	11.31	17.44	1.50
2.60	1.92	1.40	1.12	2.33
16.05	17.37	9.91	16.32	(0.83)
(0.15)	(0.08)	1.50	0.71	1.92
15.90	17.29	11.41	17.03	1.09

SUPPORTING SCHEDULES - VALUE ADDED = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.72%	2.82%	3.05%	2.92%
Direct wages	27.83	25.35	28.58	24.77
General factory salaries and wages	4.29	3.57	5.83	5.07
Packing, shipping and delivery wages	1.79	1.46	1.29	0.92
Payroll taxes	2.66	2.23	3.23	3.00
Employee benefits	4.60	4.46	5.47	5.11
TOTAL FACTORY PAYROLL	43.89	39.89	47.45	41.79
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.45	0.51	0.49	0.44
Depreciation - other	5.45	4.94	6.06	6.74
Taxes - real estate	0.39	0.32	0.28	0.21
Taxes - other	0.35	0.30	0.44	0.20
Insurance	0.52	0.44	0.39	0.31
Building rent	1.16	0.75	0.59	0.41
Utilities - heat, light, etc.	2.27	2.24	3.06	2.67
Equipment rental	0.76	0.47	1.20	0.43
Total Fixed Expenses	11.35	9.97	12.51	11.41
Other Expenses				
Factory supplies and expense	3.62	3.67	4.72	4.54
Packing, shipping and delivery expense	1.78	1.16	1.40	2.17
Repairs and maintenance	2.47	2.50	2.28	1.88
Other factory expenses	1.24	0.58	2.33	2.21
Total Other Expenses	9.11	7.91	10.73	10.80
TOTAL FACTORY EXPENSES	20.46	17.88	23.24	22.21
ADMINISTRATIVE EXPENSES				
Salaries - executive	2.42	2.82	1.72	1.91
Salaries - office	2.70	1.89	2.07	2.01
Payroll taxes	0.33	0.27	0.28	0.30
Employee benefits	0.67	0.75	0.75	0.76
Bad debts	0.62	0.57	1.09	0.30
Office supplies and expenses	0.53	0.44	0.48	0.57
Professional fees	0.71	0.73	0.57	0.52
Taxes - business	0.13	0.07	0.03	0.03
Telephone	0.53	0.48	0.40	0.39
Other administrative expenses	2.19	1.53	1.95	1.99
TOTAL ADMINISTRATIVE EXPENSES	10.83	9.55	9.34	8.78
SELLING EXPENSES				
Salaries - executive	1.33	1.40	0.74	0.53
Salaries and commissions - salesmen	7.46	5.92	2.60	1.36
Salaries - sales office clerical	1.29	1.62	1.67	1.25
Payroll taxes	0.42	0.32	0.29	0.21
Employee benefits	0.59	0.61	0.61	0.36
Advertising	0.61	0.40	0.30	0.18
Travel and entertainment	1.17	0.95	0.81	0.60
Other selling expenses	1.27	1.44	1.31	1.23
TOTAL SELLING EXPENSES	14.14	12.66	8.33	5.72

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
2.45%	3.45%	3.96%	4.15%	2.95%
25.96	24.82	27.30	25.01	34.42
3.32	2.80	6.17	6.32	3.52
3.31	4.75	1.07	0.75	3.24
2.76	2.67	3.17	3.08	3.81
5.44	4.60	3.79	4.13	7.78
43.24	43.09	45.46	43.44	55.72
0.05	0.07	0.45	0.35	0.35
5.86	5.55	4.28	4.75	3.42
0.27	0.40	0.23	0.31	0.19
0.07	0.10	0.62	0.68	0.25
0.40	0.25	0.58	0.33	0.28
0.67	0.45	1.17	1.90	0.56
2.98	2.92	2.18	2.15	2.32
0.05	0.05	0.43	0.30	0.13
10.35	9.79	9.94	10.77	7.50
2.89	2.22	4.40	3.88	6.41
1.37	2.05	1.11	0.97	1.73
2.89	2.58	2.96	2.86	1.54
1.08	1.28	2.55	1.98	1.65
8.23	8.13	11.02	9.69	11.33
18.58	17.92	20.96	20.46	18.83
0.97	1.03	2.02	2.26	2.06
2.90	3.87	3.11	1.44	3.56
0.30	0.40	0.39	0.36	0.41
0.33	0.49	0.75	1.00	0.76
0.18	0.15	0.88	1.06	0.32
0.25	0.29	0.38	0.34	0.59
1.41	0.11	0.94	0.81	0.62
0.05	0.07	0.37	0.48	0.14
0.23	0.29	0.35	0.46	0.75
3.17	4.26	1.48	0.92	3.19
9.79	10.96	10.67	9.13	12.40
0.62	0.35	1.19	0.92	1.90
5.93	5.59	5.10	4.50	2.94
0.94	0.62	1.72	1.50	3.16
0.21	0.12	0.50	0.39	0.55
0.20	0.17	0.46	0.40	1.04
0.25	0.02	0.22	0.20	0.41
0.44	0.29	0.99	1.20	0.78
1.15	1.58	1.42	0.42	0.77
9.74	8.74	11.60	9.53	11.55

REPORT ON OPERATIONS - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	28.56	28.30	31.63	26.72
Other chargeable materials	6.14	5.41	6.99	6.81
Outside services	8.26	7.06	5.03	6.34
TOTAL MATERIALS	42.96	40.77	43.65	39.87
FACTORY PAYROLL	25.07	23.57	26.63	25.20
FACTORY EXPENSES	11.50	10.33	13.11	13.34
TOTAL FACTORY COST OF PRODUCT	79.53	74.67	83.39	78.41
GROSS PROFIT	20.47	25.33	16.61	21.59
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	6.23	5.81	5.17	5.16
Selling expenses	8.30	8.21	4.64	3.60
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	14.53	14.02	9.81	8.76
INCOME BEFORE INTEREST EXPENSE	5.94	11.31	6.80	12.83
Interest expense	1.99	1.20	1.68	1.57
OPERATING INCOME (LOSS)	3.95	10.11	5.12	11.26
Other income (expense)	0.86	2.53	0.76	0.93
INCOME BEFORE INCOME TAXES	4.81	12.64	5.88	12.19

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	2.82%	2.72%	3.76%	3.82%
Film	1.08	0.78	0.91	1.16
Plates	1.08	0.79	1.01	1.05
Other chargeable materials	1.16	1.12	1.31	0.78
TOTAL OTHER CHARGEABLE MATERIALS	6.14	5.41	6.99	6.81
OUTSIDE SERVICES				
Composition	0.57	0.40	0.21	0.34
Offset preparation	1.24	0.89	1.07	0.74
Printing	1.42	1.35	1.96	4.03
Binding	3.12	2.39	1.04	0.36
Other outside services	1.91	2.03	0.75	0.87
TOTAL OUTSIDE SERVICES	8.26	7.06	5.03	6.34

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%	100.00%
34.70	32.74	25.76	24.28	26.49
5.60	5.25	5.71	6.78	5.62
4.96	3.86	7.08	9.95	3.35
45.26	41.85	38.55	41.01	35.46
23.61	24.97	28.02	25.60	35.95
10.13	10.44	12.75	11.88	12.07
79.00	77.26	79.32	78.49	83.48
21.00	22.74	20.68	21.51	16.52
5.46	6.41	6.56	5.38	7.97
5.27	5.09	7.42	5.83	7.43
10.73	11.50	13.98	11.21	15.40
10.27	11.24	6.70	10.30	1.12
1.38	1.12	0.85	0.66	1.51
8.89	10.12	5.85	9.64	(0.39)
(0.08)	(0.05)	0.94	0.41	1.23
8.81	10.07	6.79	10.05	0.84

4.07%	3.55%	0.99%	1.49%	2.70%
0.67	0.66	1.31	0.96	0.82
0.48	0.48	1.18	1.29	1.40
0.38	0.56	2.23	3.04	0.70
5.60	5.25	5.71	6.78	5.62
0.02	0.00	0.25	0.26	0.09
1.15	1.72	0.49	0.89	0.39
1.29	0.19	0.88	1.74	0.94
1.00	1.50	2.27	3.41	1.66
1.50	0.45	3.19	3.65	0.27
4.96	3.86	7.08	9.95	3.35

SUPPORTING SCHEDULES - SALES = 100%

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	1.56%	1.77%	1.73%	1.74%
Direct wages	15.84	14.83	16.02	14.95
General factory salaries and wages	2.45	2.10	3.26	3.09
Packing, shipping and delivery wages	1.03	0.83	0.70	0.52
Payroll taxes	1.54	1.34	1.84	1.82
Employee benefits	2.65	2.70	3.08	3.08
TOTAL FACTORY PAYROLL	25.07	23.57	26.63	25.20
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.26	0.31	0.28	0.28
Depreciation - other	3.03	2.74	3.41	4.02
Taxes - real estate	0.21	0.18	0.16	0.14
Taxes - other	0.19	0.17	0.24	0.11
Insurance	0.29	0.26	0.21	0.18
Building rent	0.68	0.49	0.33	0.26
Utilities - heat, light, etc.	1.26	1.25	1.70	1.57
Equipment rental	0.45	0.31	0.69	0.26
Total Fixed Expenses	6.37	5.71	7.02	6.82
Other Expenses				
Factory supplies and expense	2.06	2.17	2.72	2.77
Packing, shipping and delivery expense	0.99	0.68	0.83	1.34
Repairs and maintenance	1.38	1.42	1.25	1.06
Other factory expenses	0.70	0.35	1.29	1.35
Total Other Expenses	5.13	4.62	6.09	6.52
TOTAL FACTORY EXPENSES	11.50	10.33	13.11	13.34
ADMINISTRATIVE EXPENSES				
Salaries - executive	1.38	1.67	0.98	1.13
Salaries - office	1.58	1.17	1.17	1.21
Payroll taxes	0.19	0.17	0.16	0.18
Employee benefits	0.39	0.45	0.42	0.47
Bad debts	0.35	0.33	0.55	0.19
Office supplies and expenses	0.31	0.27	0.28	0.34
Professional fees	0.40	0.44	0.34	0.35
Taxes - business	0.07	0.05	0.02	0.02
Telephone	0.31	0.30	0.23	0.24
Other administrative expenses	1.25	0.96	1.02	1.03
TOTAL ADMINISTRATIVE EXPENSES	6.23	5.81	5.17	5.16
SELLING EXPENSES				
Salaries - executive	0.78	0.96	0.42	0.33
Salaries and commissions - salesmen	4.37	3.70	1.40	0.80
Salaries - sales office clerical	0.77	1.08	0.95	0.80
Payroll taxes	0.25	0.20	0.17	0.13
Employee benefits	0.35	0.41	0.34	0.23
Advertising	0.36	0.26	0.17	0.13
Travel and entertainment	0.67	0.65	0.45	0.38
Other selling expenses	0.75	0.95	0.74	0.80
TOTAL SELLING EXPENSES	8.30	8.21	4.64	3.60

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.40%	2.00%	2.48%	2.48%	1.88%
14.08	14.32	16.68	14.60	22.21
1.78	1.63	3.91	3.85	2.27
1.93	2.79	0.65	0.45	2.14
1.50	1.55	1.99	1.82	2.48
2.92	2.68	2.31	2.40	4.97
23.61	24.97	28.02	25.60	35.95
0.03	0.04	0.28	0.21	0.23
3.18	3.22	2.57	2.76	2.22
0.16	0.24	0.15	0.19	0.12
0.04	0.06	0.37	0.40	0.17
0.21	0.14	0.37	0.20	0.18
0.35	0.26	0.61	0.96	0.36
1.63	1.71	1.33	1.27	1.49
0.03	0.03	0.27	0.18	0.08
5.63	5.70	5.95	6.17	4.85
1.55	1.30	2.79	2.35	4.09
0.79	1.19	0.66	0.58	1.11
1.55	1.50	1.80	1.67	0.99
0.61	0.75	1.55	1.11	1.03
4.50	4.74	6.80	5.71	7.22
10.13	10.44	12.75	11.88	12.07
0.54	0.60	1.23	1.35	1.34
1.64	2.26	1.97	0.87	2.30
0.17	0.23	0.25	0.22	0.27
0.19	0.28	0.45	0.59	0.49
0.10	0.08	0.51	0.59	0.20
0.14	0.17	0.23	0.20	0.38
0.68	0.06	0.58	0.46	0.41
0.03	0.04	0.22	0.28	0.09
0.13	0.17	0.21	0.27	0.49
1.84	2.52	0.91	0.55	2.00
5.46	6.41	6.56	5.38	7.97
0.32	0.20	0.75	0.55	1.23
3.24	3.30	3.31	2.74	1.89
0.49	0.35	1.08	0.94	2.04
0.11	0.07	0.32	0.24	0.35
0.11	0.10	0.29	0.25	0.66
0.12	0.01	0.14	0.12	0.27
0.23	0.16	0.60	0.72	0.50
0.65	0.90	0.93	0.27	0.49
5.27	5.09	7.42	5.83	7.43

BALANCE SHEET

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	3.82%	8.70%	5.03%	10.52%
Receivables	32.08	28.92	27.02	21.34
Inventories	13.25	11.21	13.73	10.67
Other current assets	2.72	5.49	5.26	10.08
TOTAL CURRENT ASSETS	51.87	54.32	51.04	52.61
FIXED ASSETS				
Real estate	12.02	11.39	13.50	11.33
Less: Accumulated depreciation	2.94	2.79	3.98	2.54
	9.08	8.60	9.52	8.79
Machinery and equipment	59.29	51.87	66.68	62.07
Less: Accumulated depreciation	28.10	22.41	31.48	28.22
	31.19	29.46	35.20	33.85
Other fixed assets	5.32	4.13	3.54	2.91
Less: Accumulated depreciation	2.62	2.48	1.41	0.73
	2.70	1.65	2.13	2.18
NET FIXED ASSETS	42.97	39.71	46.85	44.82
OTHER ASSETS	5.16	5.97	2.11	2.57
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	10.88	3.67	8.19	4.33
Accounts payable	14.16	10.20	11.74	7.34
Other current liabilities	8.69	11.47	8.03	7.35
TOTAL CURRENT LIABILITIES	33.73	25.34	27.96	19.02
LONG-TERM LIABILITIES	27.27	19.70	25.08	28.99
TOTAL LIABILITIES	61.00	45.04	53.04	48.01
SHAREHOLDERS' AND PROPRIETORS' EQUITY	39.00	54.96	46.96	51.99
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.54	2.14	1.83	2.77
QUICK RATIO	1.14	1.70	1.33	2.21
TOTAL LIABILITIES TO EQUITY	1.56	0.82	1.13	0.92
LONG-TERM LIABILITIES TO EQUITY	0.70	0.36	0.53	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.47	0.43	0.47	0.45

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG ALL FIRMS	DIRECT MAIL-CATALOG PROFIT LEADERS	BOOK ALL FIRMS	BOOK PROFIT LEADERS	NO PREDOMINANT PRODUCT** ALL FIRMS
2.34%	3.50%	2.21%	1.60%	9.67%
30.88	33.94	33.32	31.57	26.24
9.02	7.67	20.34	26.97	20.32
0.41	0.36	5.63	3.04	5.13
42.65	45.47	61.50	63.18	61.36
8.91	5.74	15.11	10.73	15.82
2.49	2.04	5.04	3.21	3.95
6.42	3.70	10.07	7.52	11.87
73.58	75.97	47.19	41.30	45.52
31.54	36.15	26.87	21.23	23.94
42.04	39.82	20.32	20.07	21.58
2.27	2.70	4.05	4.02	5.98
0.86	0.82	1.97	2.37	2.73
1.41	1.88	2.08	1.65	3.25
49.87	45.40	32.47	29.24	36.70
7.48	9.13	6.03	7.58	1.94
100.00	100.00	100.00	100.00	100.00
2.35	2.56	5.71	3.84	6.15
9.19	7.86	13.36	18.94	11.62
7.87	8.99	11.62	8.24	16.15
19.41	19.41	30.69	31.02	33.92
26.59	15.43	21.81	19.85	19.18
46.00	34.84	52.50	50.87	53.10
54.00	65.16	47.50	49.13	46.90
100.00	100.00	100.00	100.00	100.00

2.20	2.34	2.00	2.04	1.81
1.73	1.95	1.34	1.17	1.21
0.85	0.53	1.11	1.04	1.13
0.49	0.24	0.46	0.40	0.41
0.43	0.48	0.57	0.51	0.53

SIGNIFICANT FACTS

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 61,168	$ 75,114	$ 57,645	$ 63,361
Average assets per factory employee (Excluding Executives)	79,432	96,272	70,261	74,924
Average net worth per employee - All employees	23,582	38,505	29,487	34,170
Average gross plant investment per factory employee (Excluding Executives)	59,958	65,258	56,494	53,668
Net worth percentage of fixed assets	103.19%	155.16%	109.72%	133.33%
EMPLOYEES				
Percent factory - All employees	80.82%	82.27%	86.58%	89.22%
Percent administrative - All employees	8.87	7.41	6.92	6.44
Percent sales - All employees	10.31	10.32	6.50	4.34
SALES - VALUE OF PRODUCT PRODUCED				
INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 107,564	$ 118,827	$ 96,389	$ 88,829
Sales per factory employee	133,989	144,047	111,944	99,644
Sales less material per factory employee	73,725	78,445	60,524	57,798
Sales per administrative employee	1,446,604	1,740,850	1,635,065	1,917,682
EXCLUDING EXECUTIVES				
Sales per employee - All employees	114,400	126,540	102,567	94,182
Sales per factory employee	140,302	151,144	117,776	104,390
Sales less material per factory employee	77,272	82,702	63,681	60,472
SALES PER SALESMAN	1,515,028	1,610,258	3,375,153	4,752,251
SALES TO CURRENT ASSETS	380%	332%	378%	298%
PAYROLL - INCLUDING TAXES AND BENEFITS				
INCLUDING EXECUTIVES				
Total payroll percentage of sales	35.12%	33.39%	32.62%	30.48%
Factory payroll percentage of gross plant investment	65.66	61.52	62.74	49.82
Payroll per employee - All employees	$ 35,669	$ 34,667	$ 30,294	$ 25,928
Payroll per factory employee	31,623	30,458	28,694	24,150
Payroll per administrative employee	42,011	48,647	37,866	43,492
Payroll per sales employee	67,021	65,806	47,242	43,679
PAYROLL - EXCLUDING TAXES AND BENEFITS				
EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 28,129	$ 26,671	$ 23,441	$ 19,341
Payroll per factory employee	25,584	24,339	22,838	18,665
Payroll per administrative employee	21,283	19,843	18,756	18,887
Payroll per sales employee	57,655	56,479	34,717	27,520
EXECUTIVE PAYROLL				
Payroll per executive - All executives	73,911	73,167	51,852	49,282
Payroll per factory executive	46,399	46,237	41,675	37,577
Payroll per administrative executive	103,423	121,574	78,467	82,005
Payroll per sales executive	84,378	75,015	71,298	67,523
RECEIVABLES				
Collection period	65.1	65.2	57.0	54.5
PROFIT				
Gross profit percentage of sales	20.47%	25.33%	16.61%	21.59%
Average gross profit per factory employee	$ 28,399	$ 35,673	$ 18,775	$ 21,806
Income before taxes percentage of sales	4.81%	12.64%	5.88%	12.19%
Average income (loss) before taxes per employee	$ 5,331	$ 14,461	$ 5,468	$ 10,750

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 75,558	$ 68,609	$ 48,850	$ 57,734	$ 39,870
100,186	95,378	64,778	72,027	51,618
44,013	51,859	22,669	26,571	17,465
82,164	76,309	39,843	40,102	33,412
113.03%	142.63%	178.55%	222.45%	188.17%
81.33%	80.99%	81.14%	86.22%	82.57%
9.06	11.27	9.54	5.49	7.94
9.61	7.74	9.32	8.29	9.49
$ 129,397	$ 116,302	$ 75,478	$ 80,510	$ 62,699
164,369	151,701	94,671	94,403	76,950
89,620	88,974	57,419	55,768	49,382
1,815,061	1,043,163	1,708,164	2,750,066	1,912,819
135,198	123,048	81,596	87,808	67,127
170,072	159,622	100,856	101,492	80,729
92,925	93,627	61,244	60,002	51,787
1,172,754	743,333	1,520,342	1,781,826	1,115,512
430%	410%	283%	260%	282%
30.43%	32.36%	37.68%	33.35%	46.52%
50.54	54.58	78.87	74.85	93.06
$ 38,094	$ 36,473	$ 27,373	$ 26,653	$ 29,179
36,451	34,879	25,378	23,613	27,420
33,506	35,150	42,307	56,203	42,079
59,494	61,286	42,457	43,482	53,157
$ 30,383	$ 29,457	$ 21,667	$ 20,270	$ 21,714
28,204	27,177	20,691	18,640	21,117
23,288	25,898	18,809	18,836	27,882
54,059	56,204	34,152	34,636	34,437
62,385	55,872	46,516	43,807	56,059
56,247	53,121	39,785	35,099	40,140
69,697	66,213	64,575	77,251	82,725
49,479	33,755	58,565	53,710	81,525
63.5	68.9	76.9	81.5	60.5
21.00%	22.74%	20.68%	21.51%	16.52%
$ 37,485	$ 39,495	$ 21,433	$ 22,597	$ 12,841
8.81%	10.07%	6.79%	10.05%	0.84%
$ 11,433	$ 12,263	$ 5,493	$ 8,021	$ (129)

RETURN ON INVESTMENT - PER $100 OF SALES

	COMMERCIAL AND ADVERTISING		MAGAZINE AND PERIODICAL	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 2.45	$ 6.38	$ 3.96	$ 8.73
Receivables	17.35	17.37	14.98	14.52
Inventories	7.22	6.87	7.88	8.14
Marketable securities	0.74	2.49	1.04	2.59
Other current assets	0.89	1.41	2.44	4.72
	28.65	34.52	30.30	38.70
Plant Investment:				
Land and building	7.41	7.94	8.03	7.76
Machinery and equipment	32.78	31.53	39.00	41.92
Other fixed assets	2.80	2.37	1.83	2.15
	42.99	41.84	48.86	51.83
Non-Current Assets	3.18	4.13	1.28	1.66
TOTAL INVESTMENT	74.82	80.49	80.44	92.19
INVESTMENT TURNOVER PER $100 OF SALES	133.65%	124.24%	124.32%	108.47%
EARNINGS				
Cost of Product	$79.53	$74.67	$83.39	$78.41
Selling Expenses	8.30	8.21	4.64	3.60
Administrative Expenses	6.23	5.81	5.17	5.16
	94.06	88.69	93.20	87.17
Income Before Interest, Other Income (Expense), and Taxes	5.94	11.31	6.80	12.83
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.94%	14.05%	8.45%	13.92%

** Sample insufficient for Profit Leaders.

DIRECT MAIL-CATALOG		BOOK		NO PREDOMINANT PRODUCT**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 1.11	$ 1.66	$ 1.49	$ 1.33	$ 6.10
17.32	18.88	19.96	20.93	16.11
4.76	3.76	14.89	23.02	13.17
0.00	0.00	1.80	0.00	0.27
0.25	0.22	2.05	2.02	2.99
23.44	24.52	40.19	47.30	38.64
4.74	2.73	8.74	6.68	9.90
41.26	42.11	29.41	28.89	28.96
1.31	1.56	2.62	2.84	3.72
47.31	46.40	40.77	38.41	42.58
4.67	5.80	4.45	6.04	1.01
75.42	76.72	85.41	91.75	82.23
132.59%	130.34%	117.08%	108.99%	121.61%
$79.00	$77.26	$79.32	$78.49	$83.48
5.27	5.09	7.42	5.83	7.43
5.46	6.41	6.56	5.38	7.97
89.73	88.76	93.30	89.70	98.88
10.27	11.24	6.70	10.30	1.12
13.62%	14.65%	7.84%	11.23%	1.36%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	159	$15,245,000	$ 25,736,000	$ 1,534,000
TOTAL - PROFIT LEADERS*	40	21,686,000	34,204,000	4,094,000
BY SIZE OF FIRM				
ALL FIRMS				
$10,000,000-$20,000,000	83	8,049,000	14,301,000	606,000
$20,000,000-$40,000,000	44	16,537,000	28,836,000	1,759,000
$40,000,000-$80,000,000	16	33,441,000	53,107,000	2,322,000
$80,000,000-$160,000,000	3	86,562,000	132,898,000	13,268,000
PROFIT LEADERS				
$10,000,000-$20,000,000	19	9,389,000	13,957,000	1,453,000
$20,000,000-$40,000,000	13	19,181,000	29,254,000	4,165,000
$40,000,000-$80,000,000	3	29,511,000	50,106,000	5,077,000
$80,000,000-$160,000,000	2	85,141,000	134,362,000	15,665,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Commercial and Advertising	102	13,630,000	23,146,000	1,251,000
Magazine and Periodical	25	26,580,000	43,879,000	3,302,000
Direct Mail-Catalog	3	21,883,000	37,618,000	3,152,000
Book	11	10,492,000	16,638,000	1,120,000
No Predominant Product	5	14,785,000	23,472,000	(217,000)
PROFIT LEADERS				
Commercial and Advertising	21	18,238,000	29,282,000	3,526,000
Magazine and Periodical	10	39,157,000	61,059,000	7,486,000
Direct Mail-Catalog	2	16,409,000	27,877,000	2,934,000
Book	5	9,478,000	13,504,000	1,335,000

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 35.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

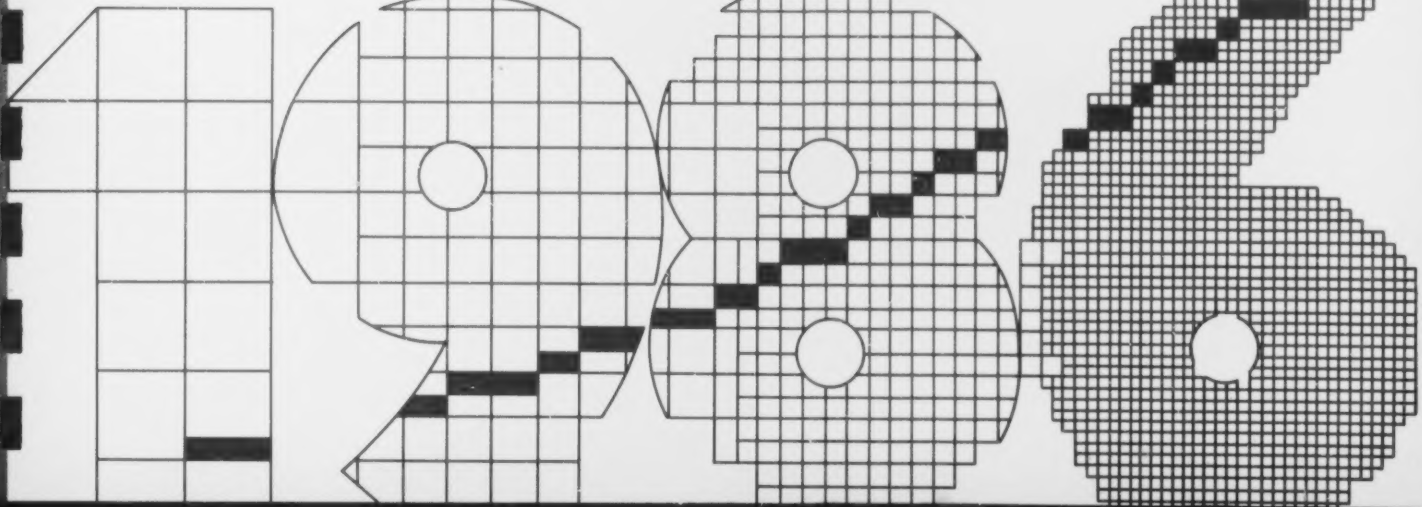
			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

1986 Financial Ratio Study

Typographers' Ratios

Volume XI

A8740-1.11 U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

TYPOGRAPHERS

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
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Arlington, Virginia 22209

Edited and Prepared by H. R. Margolis Company,
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Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES:
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 24 Typographers across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $500,000, sales from $500,000 to $1,500,000, etc.; and by market - for example, Printers and Lithographers, Advertising Agencies, etc. Readers can compare their firm's operations with other firms having the same sales volume or market in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.......... 2

CHAPTER 1 - BY SIZE OF FIRM.......... 4-13
  Report on Operations - Sales = 100%.......... 4- 5
  Supporting Schedules - Sales = 100%.......... 4- 7
  Balance Sheet.......... 8- 9
  Significant Facts.......... 10-11
  Return on Investment - Per $100 of Sales.......... 12-13

CHAPTER 2 - BY MARKET.......... 14-23
  Report on Operations - Sales = 100%.......... 14-15
  Supporting Schedules - Sales = 100%.......... 14-17
  Balance Sheet.......... 18-19
  Significant Facts.......... 20-21
  Return on Investment - Per $100 of Sales.......... 22-23

ABSOLUTE DATA.......... 24

The National Composition Association (NCA), founded in 1964, is a National Affiliate of PIA. With over 700 active members and subscribers, NCA is the world's leading association for the computerized composition industry. Through its publications program and its slate of educational conferences in cities throughout North America, NCA provides extensive current information on technology and equipment, business management and operations, and typography and aesthetics.

The NCA publications program issues frequent new monographs and studies, a monthly newsletter, and the NCA Reports looseleaf binder of supplementals. Included among NCA's many national educational conferences is the annual convention, held in conjunction with Type-X, the world's largest annual exhibition of composition equipment and software. Like all NCA conferences, the annual convention offers a large number of information-packed seminars and briefings by leading figures and authorities from the industry.

NCA also sponsors the annual Typographic Excellence Awards competition to recognize production excellence and high standards in typography. In addition, the association sponsors a number of other programs, such as the Benchmark Reports for increased production efficiency, a technical inquiry service, an electronic bulletin board, and software.

NCA is governed by its own Board of Directors and is a self-supporting contributor to the efforts of the PIA federation. We are pleased to endorse the PIA Ratio Reports and encourage your participation in this vital program.

Tina H. Allman
President
National Composition Association
(703) 841-8165

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	1.57	2.96	0.95	2.84
Other chargeable materials	3.35	2.29	3.05	2.39
Outside services	5.40	7.26	5.76	16.30
TOTAL MATERIALS	10.32	12.51	9.76	21.53
FACTORY PAYROLL	42.41	39.14	38.17	33.81
FACTORY EXPENSES	17.08	14.84	24.54	15.81
TOTAL FACTORY COST OF PRODUCT	69.81	66.49	72.47	71.15
GROSS PROFIT	30.19	33.51	27.53	28.85
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	15.03	13.86	18.06	13.83
Selling expenses	10.51	7.70	6.09	4.90
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	25.54	21.56	24.15	18.73
INCOME BEFORE INTEREST EXPENSE	4.65	11.95	3.38	10.12
Interest expense	1.58	1.17	1.09	0.77
OPERATING INCOME	3.07	10.78	2.29	9.35
Other income (expense)	0.34	0.37	0.97	0.23
INCOME BEFORE INCOME TAXES	3.41	11.15	3.26	9.58

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	0.01%	0.00%	0.00%	0.00%
Film	1.68	1.49	1.90	0.00
Plates	0.10	0.00	0.00	0.00
Other chargeable materials	1.56	0.80	1.15	2.39
TOTAL OTHER CHARGEABLE MATERIALS	3.35	2.29	3.05	2.39
OUTSIDE SERVICES				
Composition	0.35	0.00	0.29	0.00
Offset preparation	0.26	0.78	0.78	2.35
Printing	2.53	3.96	3.96	11.89
Binding	0.02	0.00	0.00	0.00
Other outside services	2.24	2.52	0.73	2.06
TOTAL OUTSIDE SERVICES	5.40	7.26	5.76	16.30

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
0.62	1.61	3.31	6.02
3.08	4.46	3.65	2.54
7.96	4.18	2.16	1.07
11.66	10.25	9.12	9.63
43.72	43.99	43.91	40.90
14.93	15.10	14.00	12.63
70.31	69.34	67.03	63.16
29.69	30.66	32.97	36.84
16.03	10.82	12.37	11.09
10.77	11.63	13.62	10.68
26.80	22.45	25.99	21.77
2.89	8.21	6.98	15.07
1.88	1.73	1.57	1.04
1.01	6.48	5.41	14.03
0.10	(0.46)	0.36	(0.35)
1.11	6.02	5.77	13.68

0.00%	0.00%	0.05%	0.00%
0.78	3.47	2.25	2.54
0.00	0.00	0.38	0.00
2.30	0.99	0.97	0.00
3.08	4.46	3.65	2.54
0.14	0.40	0.71	0.00
0.12	0.00	0.03	0.00
3.93	0.00	0.17	0.00
0.00	0.00	0.07	0.00
3.77	3.78	1.18	1.07
7.96	4.18	2.16	1.07

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	4.26%	1.30%	7.09%	0.00%
Direct wages	26.14	23.27	23.33	29.24
General factory salaries and wages	3.84	7.18	0.81	0.00
Packing, shipping and delivery wages	1.99	2.33	2.10	0.95
Payroll taxes	3.20	3.13	2.81	2.61
Employee benefits	2.98	1.93	2.03	1.01
TOTAL FACTORY PAYROLL	42.41	39.14	38.17	33.81
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.05	0.00	0.00	0.00
Depreciation - other	4.08	4.73	4.93	5.88
Taxes - real estate	0.02	0.00	0.00	0.00
Taxes - other	0.18	0.15	0.19	0.00
Insurance	0.96	0.96	2.41	1.98
Building rent	2.40	2.56	3.83	4.06
Utilities - heat, light, etc.	0.92	0.74	0.65	0.00
Equipment rental	2.41	0.15	3.76	0.45
Total Fixed Expenses	11.02	9.29	15.77	12.37
Other Expenses				
Factory supplies and expense	1.74	1.59	2.56	0.00
Packing, shipping and delivery expense	1.05	1.03	0.58	0.24
Repairs and maintenance	2.08	2.27	2.47	3.20
Other factory expenses	1.19	0.66	3.16	0.00
Total Other Expenses	6.06	5.55	8.77	3.44
TOTAL FACTORY EXPENSES	17.08	14.84	24.54	15.81
ADMINISTRATIVE EXPENSES				
Salaries - executive	5.68	4.57	5.65	4.22
Salaries - office	2.66	2.32	3.20	0.00
Payroll taxes	0.45	0.43	0.31	0.30
Employee benefits	0.78	0.74	0.38	0.00
Bad debts	0.56	0.99	1.24	2.24
Office supplies and expenses	0.65	0.93	0.91	1.18
Professional fees	0.83	0.56	1.22	0.87
Taxes - business	0.32	0.00	1.07	0.00
Telephone	0.84	1.02	1.21	1.67
Other administrative expenses	2.26	2.30	2.87	3.35
TOTAL ADMINISTRATIVE EXPENSES	15.03	13.86	18.06	13.83
SELLING EXPENSES				
Salaries - executive	1.75	0.13	2.04	0.00
Salaries and commissions - salesmen	4.56	4.46	2.32	2.82
Salaries - sales office clerical	0.45	0.75	0.00	0.00
Payroll taxes	0.39	0.40	0.18	0.20
Employee benefits	0.39	0.24	0.20	0.00
Advertising	0.88	0.86	1.05	1.75
Travel and entertainment	0.90	0.34	0.30	0.13
Other selling expenses	1.19	0.52	0.00	0.00
TOTAL SELLING EXPENSES	10.51	7.70	6.09	4.90

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
2.83%	3.20%	3.99%	3.90%
25.78	28.50	28.34	27.55
7.21	1.68	2.70	1.46
1.74	4.33	1.52	2.29
3.35	3.36	3.31	3.12
2.81	2.92	4.05	2.58
43.72	43.99	43.91	40.90
0.00	0.00	0.17	0.00
3.95	2.50	4.05	3.45
0.02	0.00	0.03	0.00
0.20	0.05	0.18	0.44
0.50	0.84	0.32	0.41
2.26	2.48	1.31	1.54
0.95	1.39	0.96	1.33
2.98	2.86	0.40	0.00
10.86	10.12	7.42	7.17
1.14	1.42	1.89	0.87
0.61	0.76	2.11	2.36
1.76	2.00	2.17	2.12
0.56	0.80	0.41	0.11
4.07	4.98	6.58	5.46
14.93	15.10	14.00	12.63
7.51	1.07	4.64	4.66
1.88	5.04	2.53	1.68
0.58	0.44	0.42	0.50
1.28	0.43	0.58	0.44
0.39	0.49	0.24	0.20
0.61	0.49	0.52	0.61
0.74	0.64	0.66	0.32
0.11	0.01	0.04	0.00
0.90	0.57	0.52	0.83
2.03	1.64	2.22	1.85
16.03	10.82	12.37	11.09
1.70	1.07	1.78	0.40
4.65	7.30	5.56	5.50
0.26	0.00	1.20	2.26
0.43	0.62	0.46	0.68
0.30	0.52	0.65	0.59
1.00	0.24	0.75	0.16
1.41	0.79	0.77	0.63
1.02	1.09	2.45	0.46
10.77	11.63	13.62	10.68

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	8.20%	13.47%	4.57%	12.48%
Receivables	41.02	40.85	42.45	43.15
Inventories	7.68	7.68	2.28	0.00
Other current assets	5.44	4.66	11.84	8.86
TOTAL CURRENT ASSETS	62.34	66.66	61.14	64.49
FIXED ASSETS				
Real estate	4.66	0.36	0.00	0.00
Less: Accumulated depreciation	1.30	0.36	0.00	0.00
	3.36	0.00	0.00	0.00
Machinery and equipment	69.25	92.13	90.44	119.86
Less: Accumulated depreciation	41.97	63.47	57.59	87.26
	27.28	28.66	32.85	32.60
Other fixed assets	6.13	5.87	3.76	2.33
Less: Accumulated depreciation	3.04	3.28	0.90	0.00
	3.09	2.59	2.86	2.33
NET FIXED ASSETS	33.73	31.25	35.71	34.93
OTHER ASSETS	3.93	2.09	3.15	0.58
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	11.10	7.81	7.16	11.20
Accounts payable	13.43	5.23	22.00	8.49
Other current liabilities	8.68	14.84	4.50	5.56
TOTAL CURRENT LIABILITIES	33.21	27.88	33.66	25.25
LONG-TERM LIABILITIES	26.36	24.72	38.62	48.00
TOTAL LIABILITIES	59.57	52.60	72.28	73.25
SHAREHOLDERS' AND PROPRIETORS' EQUITY	40.43	47.40	27.72	26.75
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.88	2.39	1.82	2.55
QUICK RATIO	1.65	2.12	1.75	2.55
TOTAL LIABILITIES TO EQUITY	1.47	1.11	2.61	2.74
LONG-TERM LIABILITIES TO EQUITY	0.65	0.52	1.39	1.79
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.61	0.69	0.64	0.73

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
10.22%	12.85%	7.37%	10.55%
43.63	39.66	36.83	43.24
7.04	14.03	11.33	19.31
3.05	3.87	3.47	3.50
63.94	70.41	59.00	76.60
4.85	0.00	9.74	1.09
1.69	0.00	2.26	1.09
3.16	0.00	7.48	0.00
72.74	38.37	55.43	61.00
43.04	21.69	33.03	47.78
29.70	16.68	22.40	13.22
5.32	9.16	8.35	10.69
2.96	5.12	4.40	6.21
2.36	4.04	3.95	4.48
35.22	20.72	33.83	17.70
0.84	8.87	7.17	5.70
100.00	100.00	100.00	100.00
9.02	19.73	14.67	3.74
14.87	3.10	7.21	3.45
7.18	19.36	11.13	18.36
31.07	42.19	33.01	25.55
23.52	10.95	23.91	16.05
54.59	53.14	56.92	41.60
45.41	46.86	43.08	58.40
100.00	100.00	100.00	100.00
2.06	1.67	1.79	3.00
1.83	1.34	1.44	2.24
1.20	1.13	1.32	0.71
0.52	0.23	0.56	0.27
0.59	0.57	0.60	0.78

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 19,625	$ 18,360	$ 15,015	$ 18,244
Average assets per factory employee (Excluding Executives)	27,702	24,362	24,009	20,597
Average net worth per employee - All employees	8,109	8,776	5,605	5,008
Average gross plant investment per factory employee (Excluding Executives)	20,906	21,819	21,069	23,624
Net worth percentage of fixed assets	112.62%	194.95%	36.90%	78.64%
EMPLOYEES				
Percent factory - All employees	77.40%	79.43%	77.05%	90.00%
Percent administrative - All employees	13.54	13.55	14.97	5.00
Percent sales - All employees	9.06	7.02	7.98	5.00
SALES - VALUE OF PRODUCT PRODUCED				
INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 46,912	$ 43,856	$ 39,207	$ 45,509
Sales per factory employee	61,211	55,973	50,879	50,309
Sales less material per factory employee	54,061	48,836	45,915	39,491
Sales per administrative employee	414,374	296,279	212,720	191,983
EXCLUDING EXECUTIVES				
Sales per employee - All employees	54,908	46,667	54,715	47,642
Sales per factory employee	66,636	57,582	63,912	50,309
Sales less material per factory employee	59,236	50,291	58,586	39,491
SALES PER SALESMAN	637,517	881,486	122,003	235,106
SALES TO CURRENT ASSETS	423%	374%	477%	391%
PAYROLL - INCLUDING TAXES AND BENEFITS				
INCLUDING EXECUTIVES				
Total payroll percentage of sales	59.52%	53.18%	52.46%	41.36%
Factory payroll percentage of gross plant investment	134.24	113.89	121.61	78.67
Payroll per employee - All employees	$ 27,500	$ 22,891	$ 19,634	$ 18,251
Payroll per factory employee	25,226	21,908	18,783	16,997
Payroll per administrative employee	35,488	24,611	20,942	17,395
Payroll per sales employee	42,023	27,797	20,252	11,605
PAYROLL - EXCLUDING TAXES AND BENEFITS				
EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 20,911	$ 18,613	$ 15,183	$ 15,478
Payroll per factory employee	20,399	18,748	15,048	15,136
Payroll per administrative employee	14,383	7,931	11,373	0
Payroll per sales employee	31,885	24,401	9,571	10,849
EXECUTIVE PAYROLL				
Payroll per executive - All executives	48,937	27,164	23,423	16,250
Payroll per factory executive	36,580	12,289	17,205	0
Payroll per administrative executive	55,231	37,823	23,621	16,250
Payroll per sales executive	37,150	17,309	13,857	0
RECEIVABLES				
Collection period	58.2	63.8	52.4	68.4
PROFIT				
Gross profit percentage of sales	30.19%	33.51%	27.53%	28.85%
Average gross profit per factory employee	$ 20,095	$ 19,563	$ 17,484	$ 14,458
Income before taxes percentage of sales	3.41%	11.15%	3.26%	9.58%
Average income before taxes per employee	$ 1,765	$ 5,058	$ 1,795	$ 4,420

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 17,737	$ 20,101	$ 25,867	$ 20,737
23,976	30,887	34,746	28,463
7,506	9,439	10,650	12,432
18,757	14,648	25,317	20,571
93.94%	226.46%	169.02%	342.84%
78.15%	67.62%	79.54%	79.10%
12.97	23.90	10.09	9.02
8.88	8.48	10.37	11.88
$ 46,671	$ 45,230	$ 54,306	$ 51,013
60,931	67,406	68,659	64,643
51,847	60,435	62,069	58,423
473,269	206,104	571,005	567,734
53,362	47,398	59,206	56,032
63,195	69,731	72,511	69,470
53,926	62,549	65,674	62,787
277,437	533,140	1,186,831	1,204,675
441%	323%	383%	338%
62.29%	60.48%	61.74%	57.61%
118.64	217.44	141.37	147.24
$ 28,272	$ 27,363	$ 33,289	$ 29,280
25,107	29,529	29,671	26,298
41,697	14,369	46,006	41,336
37,471	50,820	64,024	42,553
$ 21,525	$ 22,028	$ 24,714	$ 22,728
20,780	24,143	23,425	21,580
13,889	10,051	18,834	15,237
30,034	42,143	50,460	35,636
43,078	28,410	84,204	51,592
21,565	28,410	74,826	36,866
44,717	28,410	103,507	83,569
17,193	28,410	85,273	51,927
57.0	63.9	63.0	62.5
29.69%	30.66%	32.97%	36.84%
$ 18,364	$ 21,542	$ 24,146	$ 25,579
1.11%	6.02%	5.77%	13.68%
$ 396	$ 2,683	$ 3,237	$ 7,045

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 3.67	$ 6.04	$ 2.88	$ 5.46
Receivables	15.55	16.65	13.80	17.16
Inventories	3.37	3.21	0.49	0.00
Marketable securities	1.32	0.39	3.85	0.00
Other current assets	1.21	1.78	1.87	4.14
	25.12	28.07	22.89	26.76
Plant Investment:				
Land and building	2.57	0.12	0.00	0.00
Machinery and equipment	29.09	39.06	33.11	45.26
Other fixed assets	2.54	2.58	1.32	1.14
	34.20	41.76	34.43	46.40
Non-Current Assets	1.81	0.76	1.32	0.19
TOTAL INVESTMENT	61.13	70.59	58.64	73.35
INVESTMENT TURNOVER PER $100 OF SALES	163.59%	141.66%	170.53%	136.33%
EARNINGS				
Cost of Product	$69.81	$66.49	$72.47	$71.15
Selling Expenses	10.51	7.70	6.09	4.90
Administrative Expenses	15.03	13.86	18.06	13.83
	95.35	88.05	96.62	89.88
Income Before Interest, Other Income (Expense), and Taxes	4.65	11.95	3.38	10.12
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	7.61%	16.93%	5.76%	13.80%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 4.08	$ 5.63	$ 3.25	$ 4.34
15.48	17.28	16.67	16.57
2.94	6.39	5.53	8.05
0.13	0.00	1.07	1.17
1.11	1.76	0.61	0.48
23.74	31.06	27.13	30.61
2.01	0.00	6.21	0.35
31.05	16.79	26.67	24.08
1.79	4.07	4.10	4.66
34.85	20.86	36.98	29.09
0.25	4.16	3.56	2.08
58.84	56.08	67.67	61.78
169.95%	178.32%	147.78%	161.86%
$70.31	$69.34	$67.03	$63.16
10.77	11.63	13.62	10.68
16.03	10.82	12.37	11.09
97.11	91.79	93.02	84.93
2.89	8.21	6.98	15.07
4.91%	14.64%	10.32%	24.39%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS** ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%
FACTORY COST OF PRODUCT	
MATERIALS	
Paper	0.00
Other chargeable materials	2.57
Outside services	8.63
TOTAL MATERIALS	11.20
FACTORY PAYROLL	42.98
FACTORY EXPENSES	19.67
TOTAL FACTORY COST OF PRODUCT	73.85
GROSS PROFIT	26.15
ADMINISTRATIVE AND SELLING EXPENSES	
Administrative expenses	12.33
Selling expenses	8.58
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	20.91
INCOME BEFORE INTEREST EXPENSE	5.24
Interest expense	0.76
OPERATING INCOME	4.48
Other income (expense)	0.24
INCOME BEFORE INCOME TAXES	4.72

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS	
Ink	0.00%
Film	0.18
Plates	0.00
Other chargeable materials	2.39
TOTAL OTHER CHARGEABLE MATERIALS	2.57
OUTSIDE SERVICES	
Composition	0.38
Offset preparation	2.35
Printing	3.71
Binding	0.00
Other outside services	2.19
TOTAL OUTSIDE SERVICES	8.63

** Sample insufficient for Profit Leaders.

ADVERTISING AGENCIES		BOOKS**	DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%	100.00%
1.34	0.00	1.15	2.76	7.72
3.14	1.93	5.66	3.57	0.00
2.39	4.42	1.70	8.19	8.17
6.87	6.35	8.51	14.52	15.89
44.65	42.72	39.86	41.03	38.86
18.55	16.08	15.77	14.75	11.06
70.07	65.15	64.14	70.30	65.81
29.93	34.85	35.86	29.70	34.19
14.02	16.69	13.31	15.82	13.79
12.22	7.52	12.56	9.07	9.01
26.24	24.21	25.87	24.89	22.80
3.69	10.64	9.99	4.81	11.39
1.61	1.67	1.58	1.59	0.75
2.08	8.97	8.41	3.22	10.64
0.58	1.21	(0.09)	0.23	(0.53)
2.66	10.18	8.32	3.45	10.11

0.00%	0.00%	0.00%	0.04%	0.00%
1.28	1.93	2.54	2.92	0.00
0.00	0.00	0.00	0.33	0.00
1.86	0.00	3.12	0.28	0.00
3.14	1.93	5.66	3.57	0.00
0.68	0.00	0.00	0.26	0.00
0.00	0.00	0.00	0.15	0.00
0.00	0.00	0.00	6.38	8.17
0.00	0.00	0.00	0.05	0.00
1.71	4.42	1.70	1.35	0.00
2.39	4.42	1.70	8.19	8.17

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS**
	ALL FIRMS
FACTORY PAYROLL	
Salaries - executive	4.04%
Direct wages	29.59
General factory salaries and wages	0.04
Packing, shipping and delivery wages	0.95
Payroll taxes	3.27
Employee benefits	5.09
TOTAL FACTORY PAYROLL	42.98
FACTORY EXPENSES	
Fixed Expenses	
Depreciation - real estate	0.35
Depreciation - other	6.15
Taxes - real estate	0.07
Taxes - other	0.18
Insurance	1.05
Building rent	3.13
Utilities - heat, light, etc.	0.56
Equipment rental	0.47
Total Fixed Expenses	11.96
Other Expenses	
Factory supplies and expense	2.47
Packing, shipping and delivery expense	0.01
Repairs and maintenance	4.65
Other factory expenses	0.58
Total Other Expenses	7.71
TOTAL FACTORY EXPENSES	19.67
ADMINISTRATIVE EXPENSES	
Salaries - executive	1.65
Salaries - office	0.43
Payroll taxes	0.11
Employee benefits	0.58
Bad debts	2.37
Office supplies and expenses	1.07
Professional fees	0.63
Taxes - business	0.03
Telephone	1.28
Other administrative expenses	4.18
TOTAL ADMINISTRATIVE EXPENSES	12.33
SELLING EXPENSES	
Salaries - executive	0.67
Salaries and commissions - salesmen	2.95
Salaries - sales office clerical	0.87
Payroll taxes	0.33
Employee benefits	1.03
Advertising	1.87
Travel and entertainment	0.24
Other selling expenses	0.62
TOTAL SELLING EXPENSES	8.58

** Sample insufficient for Profit Leaders.

ADVERTISING AGENCIES		BOOKS**	DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
5.64%	0.00%	3.52%	3.85%	1.69%
21.91	13.01	29.48	28.46	31.02
7.83	20.10	1.46	1.18	0.00
2.87	3.75	0.19	2.08	2.10
3.14	3.66	3.71	3.10	2.60
3.26	2.20	1.50	2.36	1.45
44.65	42.72	39.86	41.03	38.86
0.05	0.00	0.00	0.00	0.00
4.25	4.87	3.96	4.09	4.84
0.02	0.00	0.00	0.00	0.00
0.18	0.00	0.23	0.17	0.21
0.85	0.49	0.88	1.17	1.22
2.04	2.08	2.87	2.31	1.54
1.01	0.89	1.42	0.73	0.58
2.60	0.00	1.43	1.51	0.00
11.00	8.33	10.79	9.98	8.39
2.25	3.88	0.33	1.64	0.64
1.01	0.49	1.63	1.42	0.97
2.00	1.50	2.69	1.38	1.06
2.29	1.88	0.33	0.33	0.00
7.55	7.75	4.98	4.77	2.67
18.55	16.08	15.77	14.75	11.06
5.22	4.85	7.23	5.86	6.63
3.28	5.28	0.95	2.93	0.73
0.42	0.49	0.34	0.47	0.58
0.82	1.77	0.45	0.50	0.24
0.65	0.54	0.26	0.15	0.20
0.69	0.99	0.66	0.51	0.44
0.70	0.51	0.83	1.05	0.82
0.11	0.01	0.01	0.82	0.00
0.63	0.56	0.84	0.94	0.97
1.50	1.69	1.74	2.59	3.18
14.02	16.69	13.31	15.82	13.79
3.47	0.00	0.40	0.66	0.00
4.00	5.00	4.06	5.90	7.30
0.44	0.00	2.26	0.00	0.00
0.44	0.33	0.47	0.42	0.60
0.36	0.14	0.29	0.38	0.36
0.87	0.68	1.40	0.56	0.10
1.04	0.28	1.83	0.74	0.50
1.60	1.09	1.85	0.41	0.15
12.22	7.52	12.56	9.07	9.01

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS**
	ALL FIRMS
ASSETS	
CURRENT ASSETS	
Cash	3.87%
Receivables	33.59
Inventories	7.05
Other current assets	1.59
TOTAL CURRENT ASSETS	46.10
FIXED ASSETS	
Real estate	21.39
Less: Accumulated depreciation	2.25
	19.14
Machinery and equipment	116.27
Less: Accumulated depreciation	85.60
	30.67
Other fixed assets	2.47
Less: Accumulated depreciation	1.63
	0.84
NET FIXED ASSETS	50.65
OTHER ASSETS	3.25
TOTAL ASSETS	100.00
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Notes payable	5.55
Accounts payable	10.59
Other current liabilities	7.31
TOTAL CURRENT LIABILITIES	23.45
LONG-TERM LIABILITIES	49.69
TOTAL LIABILITIES	73.14
SHAREHOLDERS' AND PROPRIETORS' EQUITY	26.86
TOTAL LIABILITIES AND EQUITY	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.97
QUICK RATIO	1.67
TOTAL LIABILITIES TO EQUITY	2.72
LONG-TERM LIABILITIES TO EQUITY	1.85
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.74

** Sample insufficient for Profit Leaders.

ADVERTISING AGENCIES		BOOKS**	DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
10.09%	17.39%	12.72%	6.23%	12.84%
34.72	36.14	42.38	45.64	43.73
6.06	3.74	16.28	6.90	7.90
7.29	1.62	4.36	5.41	7.86
58.16	58.89	75.74	64.18	72.33
3.06	0.00	0.00	4.16	1.09
1.62	0.00	0.00	1.16	1.09
1.44	0.00	0.00	3.00	0.00
69.30	95.52	84.27	64.52	65.41
35.68	55.37	67.60	40.96	45.78
33.62	40.15	16.67	23.56	19.63
5.77	4.60	16.39	6.42	5.50
3.11	3.64	11.57	1.92	1.57
2.66	0.96	4.82	4.50	3.93
37.72	41.11	21.49	31.06	23.56
4.12	0.00	2.77	4.76	4.11
100.00	100.00	100.00	100.00	100.00
15.49	8.48	6.36	10.27	10.22
6.38	3.76	7.76	19.34	1.36
8.60	20.59	15.26	8.50	10.72
30.47	32.83	29.38	38.11	22.30
22.82	10.11	24.89	31.03	26.99
53.29	42.94	54.27	69.14	49.29
46.71	57.06	45.73	30.86	50.71
100.00	100.00	100.00	100.00	100.00

1.91	1.79	2.58	1.68	3.24
1.71	1.68	2.02	1.50	2.89
1.14	0.75	1.19	2.24	0.97
0.49	0.18	0.54	1.01	0.53
0.51	0.58	0.80	0.63	0.70

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS** ALL FIRMS
INVESTMENT	
Average assets per employee - All employees	$ 21,764
Average assets per factory employee (Excluding Executives)	27,704
Average net worth per employee - All employees	6,762
Average gross plant investment per factory employee (Excluding Executives)	35,338
Net worth percentage of fixed assets	43.98%
EMPLOYEES	
Percent factory - All employees	90.24%
Percent administrative - All employees	2.19
Percent sales - All employees	7.57
SALES - VALUE OF PRODUCT PRODUCED	
INCLUDING EXECUTIVES	
Sales per employee - All employees	$ 43,478
Sales per factory employee	47,643
Sales less material per factory employee	41,818
Sales per administrative employee	391,731
EXCLUDING EXECUTIVES	
Sales per employee - All employees	46,446
Sales per factory employee	51,363
Sales less material per factory employee	45,488
SALES PER SALESMAN	2,585,667
SALES TO CURRENT ASSETS	463%
PAYROLL - INCLUDING TAXES AND BENEFITS	
INCLUDING EXECUTIVES	
Total payroll percentage of sales	51.59%
Factory payroll percentage of gross plant investment	61.53
Payroll per employee - All employees	$ 20,762
Payroll per factory employee	19,995
Payroll per administrative employee	21,721
Payroll per sales employee	13,252
PAYROLL - EXCLUDING TAXES AND BENEFITS	
EXCLUDING EXECUTIVES	
Payroll per employee - All employees	$ 15,755
Payroll per factory employee	15,674
Payroll per administrative employee	6,200
Payroll per sales employee	9,142
EXECUTIVE PAYROLL	
Payroll per executive - All executives	14,789
Payroll per factory executive	11,602
Payroll per administrative executive	28,359
Payroll per sales executive	28,662
RECEIVABLES	
Collection period	59.2
PROFIT	
Gross profit percentage of sales	26.15%
Average gross profit per factory employee	$ 13,434
Income before taxes percentage of sales	4.72%
Average income before taxes per employee	$ 2,575

** Sample insufficient for Profit Leaders.

ADVERTISING AGENCIES		BOOKS**	DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 19,673	$ 16,098	$ 18,387	$ 19,555	$ 17,060
29,325	24,027	24,685	27,212	21,755
8,953	8,887	9,857	6,956	8,620
22,192	21,262	21,223	18,683	15,619
140.38%	163.38%	210.44%	94.71%	269.76%
75.85%	69.19%	82.60%	75.42%	80.62%
15.75	26.64	7.27	13.65	9.69
8.40	4.17	10.13	10.93	9.69
$ 45,637	$ 35,046	$ 42,639	$ 48,718	$ 43,220
60,410	52,968	52,811	64,810	53,563
55,966	48,594	48,145	53,602	45,391
373,546	129,119	577,500	447,532	448,218
57,126	36,325	46,687	54,646	47,838
69,215	52,968	56,439	68,240	55,374
64,437	48,594	51,441	56,798	47,025
581,238	0	1,163,585	343,743	346,144
438%	394%	330%	425%	354%
63.12%	60.58%	56.31%	58.16%	55.29%
156.95	115.76	102.54	145.84	141.87
$ 28,991	$ 21,143	$ 23,750	$ 27,418	$ 24,183
26,907	22,430	20,794	25,160	21,064
33,053	15,103	51,082	36,149	36,127
53,196	29,233	33,154	36,443	38,427
$ 21,613	$ 17,633	$ 17,783	$ 21,701	$ 19,835
21,451	19,528	17,106	20,741	18,382
17,825	8,557	7,753	14,874	7,484
37,734	26,719	28,787	29,465	33,761
62,001	13,650	52,928	41,840	37,247
55,511	0	33,504	29,074	17,363
64,491	13,650	85,437	46,091	40,881
61,892	0	51;927	13,938	0
52.5	60.3	61.9	62.0	63.2
29.93%	34.85%	35.86%	29.70%	34.19%
$ 20,289	$ 18,651	$ 20,396	$ 20,605	$ 19,142
2.66%	10.18%	8.32%	3.45%	10.11%
$ 962	$ 3,709	$ 4,400	$ 2,244	$ 4,439

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS**
	ALL FIRMS
INVESTMENT	
Current Assets:	
Cash	$ 1.14
Receivables	14.51
Inventories	5.31
Marketable securities	0.00
Other current assets	0.65
	21.61
Plant Investment:	
Land and building	16.11
Machinery and equipment	51.09
Other fixed assets	1.86
	69.06
Non-Current Assets	2.20
TOTAL INVESTMENT	92.87
INVESTMENT TURNOVER PER $100 OF SALES	107.68%
EARNINGS	
Cost of Product	$73.85
Selling Expenses	8.58
Administrative Expenses	12.33
	94.76
Income Before Interest, Other Income (Expense), and Taxes	5.24
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	5.64%

** Sample insufficient for Profit Leaders.

ADVERTISING AGENCIES		BOOKS**	DIRECT BUYERS	
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 4.67	$ 8.31	$ 5.17	$ 3.18	$ 5.50
14.13	16.21	16.82	16.59	16.90
2.60	1.57	7.18	2.29	2.51
2.02	0.00	1.17	1.15	0.00
1.32	0.74	0.77	1.47	3.80
24.74	26.83	31.11	24.68	28.71
1.28	0.00	0.00	1.73	0.35
30.65	47.87	32.64	24.64	26.40
2.29	1.93	6.65	2.59	2.15
34.22	49.80	39.29	28.96	28.90
1.87	0.00	1.17	2.16	1.31
60.83	76.63	71.57	55.80	58.92
164.39%	130.50%	139.72%	179.21%	169.72%
$70.07	$65.15	$64.14	$70.30	$65.81
12.22	7.52	12.56	9.07	9.01
14.02	16.69	13.31	15.82	13.79
96.31	89.36	90.01	95.19	88.61
3.69	10.64	9.99	4.81	11.39
6.07%	13.89%	13.96%	8.62%	19.33%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	24	$1,307,000	$2,752,000	$ 153,000
TOTAL - PROFIT LEADERS*	6	1,426,000	3,160,000	453,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	6	133,000	333,000	17,000
$500,000-$1,500,000	9	375,000	1,002,000	9,000
$1,500,000-$3,000,000	2	961,000	2,134,000	98,000
Over $3,000,000	7	3,612,000	7,250,000	470,000
PROFIT LEADERS				
0-$500,000	2	147,000	350,000	33,000
Over $3,000,000	2	3,646,000	8,048,000	1,209,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	2	3,299,000	4,467,000	(27,000)
Advertising Agencies	10	876,000	1,969,000	39,000
Books	2	3,337,000	7,042,000	1,036,000
Direct Buyers	8	1,071,000	2,640,000	155,000
PROFIT LEADERS				
Advertising Agencies	2	485,000	1,083,000	118,000
Direct Buyers	2	584,000	1,729,000	194,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	

62.2% divided by 3 = 20.7%

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

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63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

PREPARATORY SPECIALISTS

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PRINTING INDUSTRIES OF AMERICA, INC.

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H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all. 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 43 Preparatory Specialists across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales to $500,000, sales from $500,000 to $1,500,000, etc.; by market - for example, Printers and Lithographers, Advertising Agencies, etc.; and by type of work - for example, Black and White or Color Work. Readers can compare their firm's operations with other firms having the same sales volume, market, or type of work in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.......... 2

CHAPTER 1 - BY SIZE OF FIRM.......... 4-13
  Report on Operations - Sales = 100%.......... 4- 5
  Supporting Schedules - Sales = 100%.......... 4- 7
  Balance Sheet.......... 8- 9
  Significant Facts.......... 10-11
  Return on Investment - Per $100 of Sales.......... 12-13

CHAPTER 2 - BY MARKET.......... 14-23
  Report on Operations - Sales = 100%.......... 14-15
  Supporting Schedules - Sales = 100%.......... 14-17
  Balance Sheet.......... 18-19
  Significant Facts.......... 20-21
  Return on Investment - Per $100 of Sales.......... 22-23

CHAPTER 3 - BY TYPE OF WORK.......... 24-28
  Report on Operations - Sales = 100%.......... 24
  Supporting Schedules - Sales = 100%.......... 24-25
  Balance Sheet.......... 26
  Significant Facts.......... 27
  Return on Investment - Per $100 of Sales.......... 28

ABSOLUTE DATA.......... 29-30

The Graphic Preparatory Association is a special industry unit of PIA which represents and supports the common interests of preparatory trade plants in serving the Graphic Arts Industry. This study of the financial ratios of preparatory specialists is but one of the services GPA offers to its members.

Each year GPA holds two major meetings. In the spring, there is a Technical Awareness Seminar for Management. The two-day session is designed to update members of technological changes in the industry. In the winter, GPA holds its Annual Meeting in a resort location. This three-day session allows a maximum flow of information among the membership through its half-day sessions, social events and the relaxing atmosphere of the resort.

In addition to the meetings and the ratio study, the Association's monthly newsletter *UP FRONT* has become a technical and management resource to over 800 Preparatory Industry leaders. Allowing them to quickly update themselves is the technical and industry news which is of interest to the Preparatory Specialist.

GPA prepares compensation surveys, a quarterly industry activity survey, and publishes an annual buyers' guide. Active membership is open to any PIA member engaged in the operation of a preparatory trade plant serving the GPA Industry. Associate membership is open to any PIA member engaged in the manufacture or distribution of supplies or equipment for use in the preparatory industry.

Ronald S. Ballard
Executive Director
Graphic Preparatory Association
(815) 734-4178

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	2.29	1.13	0.00
Other chargeable materials	13.12	12.26	13.01
Outside services	4.09	5.04	3.34
TOTAL MATERIALS	19.50	18.43	16.35
FACTORY PAYROLL	35.77	34.70	40.46
FACTORY EXPENSES	14.79	11.81	26.74
TOTAL FACTORY COST OF PRODUCT	70.06	64.94	83.55
GROSS PROFIT	29.94	35.06	16.45
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	12.77	11.32	16.39
Selling expenses	11.48	10.29	0.00
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	24.25	21.61	16.39
INCOME BEFORE INTEREST EXPENSE	5.69	13.45	0.06
Interest expense	2.22	1.63	4.76
OPERATING INCOME (LOSS)	3.47	11.82	(4.70)
Other income (expense)	0.75	0.67	0.13
INCOME (LOSS) BEFORE INCOME TAXES	4.22	12.49	(4.57)

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
OTHER CHARGEABLE MATERIALS			
Ink	0.41%	0.17%	0.00%
Film	8.59	6.78	11.05
Plates	0.80	0.51	0.27
Other chargeable materials	3.32	4.80	1.69
TOTAL OTHER CHARGEABLE MATERIALS	13.12	12.26	13.01
OUTSIDE SERVICES			
Composition	0.06	0.05	0.00
Offset preparation	1.59	2.34	0.74
Printing	0.93	2.26	0.93
Binding	0.08	0.09	0.00
Other outside services	1.43	0.30	1.67
TOTAL OUTSIDE SERVICES	4.09	5.04	3.34

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
100.00%	100.00%	100.00%	100.00%
2.14	2.97	2.27	1.26
15.34	13.13	12.39	12.63
5.97	3.80	3.64	4.84
23.45	19.90	18.30	18.73
34.60	34.74	36.16	34.44
14.20	14.22	14.20	11.69
72.25	68.86	68.66	64.86
27.75	31.14	31.34	35.14
14.46	13.64	11.57	11.44
11.87	11.16	12.43	10.11
26.33	24.80	24.00	21.55
1.42	6.34	7.34	13.59
1.06	3.28	2.00	1.61
0.36	3.06	5.34	11.98
0.81	(0.01)	1.07	0.76
1.17	3.05	6.41	12.74

1.09%	0.09%	0.28%	0.17%
9.40	7.54	8.40	6.98
2.55	0.34	0.34	0.53
2.30	5.16	3.37	4.95
15.34	13.13	12.39	12.63
0.21	0.01	0.04	0.06
3.46	0.82	1.40	1.66
0.00	1.58	0.91	2.66
0.00	0.01	0.15	0.11
2.30	1.38	1.14	0.35
5.97	3.80	3.64	4.84

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.08%	1.93%	9.59%
Direct wages	24.77	25.28	26.35
General factory salaries and wages	1.80	1.64	0.00
Packing, shipping and delivery wages	0.63	0.37	0.00
Payroll taxes	2.43	2.21	2.26
Employee benefits	3.06	3.27	2.26
TOTAL FACTORY PAYROLL	35.77	34.70	40.46
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.61	0.24	0.00
Depreciation - other	4.82	3.61	8.01
Taxes - real estate	0.19	0.26	0.00
Taxes - other	0.16	0.15	0.71
Insurance	0.57	0.26	0.30
Building rent	1.66	0.92	4.49
Utilities - heat, light, etc.	1.16	0.86	1.16
Equipment rental	1.04	0.57	8.31
Total Fixed Expenses	10.21	6.87	22.98
Other Expenses			
Factory supplies and expense	1.34	1.83	0.10
Packing, shipping and delivery expense	0.99	0.99	0.25
Repairs and maintenance	1.37	1.27	1.76
Other factory expenses	0.88	0.85	1.65
Total Other Expenses	4.58	4.94	3.76
TOTAL FACTORY EXPENSES	14.79	11.81	26.74
ADMINISTRATIVE EXPENSES			
Salaries - executive	3.63	2.76	6.77
Salaries - office	2.53	2.54	2.81
Payroll taxes	0.67	0.35	0.39
Employee benefits	0.84	1.25	0.27
Bad debts	0.57	0.28	0.88
Office supplies and expenses	0.62	0.42	1.20
Professional fees	0.80	0.45	1.02
Taxes - business	0.22	0.26	0.19
Telephone	0.74	0.59	0.89
Other administrative expenses	2.15	2.42	1.97
TOTAL ADMINISTRATIVE EXPENSES	12.77	11.32	16.39
SELLING EXPENSES			
Salaries - executive	1.23	1.05	0.00
Salaries and commissions - salesmen	5.69	5.57	0.00
Salaries - sales office clerical	0.35	0.25	0.00
Payroll taxes	0.45	0.33	0.00
Employee benefits	0.44	0.48	0.00
Advertising	0.74	0.51	0.00
Travel and entertainment	1.44	1.64	0.00
Other selling expenses	1.14	0.46	0.00
TOTAL SELLING EXPENSES	11.48	10.29	0.00

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
3.31%	2.15%	2.81%	1.81%
23.81	25.70	24.59	24.99
0.91	0.99	2.56	1.82
0.53	0.53	0.76	0.36
2.51	3.02	2.20	2.15
3.53	2.35	3.24	3.31
34.60	34.74	36.16	34.44
0.03	0.80	0.78	0.27
3.67	5.12	4.81	3.46
0.30	0.09	0.21	0.27
0.03	0.23	0.12	0.09
1.02	0.80	0.36	0.26
1.81	1.51	1.44	0.91
1.63	1.18	1.00	0.88
1.99	0.48	0.34	0.63
10.48	10.21	9.06	6.77
1.55	0.92	1.53	1.87
0.93	0.72	1.17	0.92
0.98	0.83	1.67	1.30
0.26	1.54	0.77	0.83
3.72	4.01	5.14	4.92
14.20	14.22	14.20	11.69
4.81	4.23	2.77	2.74
2.71	2.46	2.46	2.68
0.97	0.99	0.48	0.37
1.06	0.42	0.97	1.26
0.51	0.77	0.49	0.30
0.82	0.73	0.46	0.42
0.69	0.63	0.88	0.37
0.13	0.25	0.24	0.27
0.97	0.76	0.64	0.56
1.79	2.40	2.18	2.47
14.46	13.64	11.57	11.44
2.90	0.68	0.98	1.16
4.71	6.12	6.34	5.29
0.00	0.15	0.57	0.28
0.41	0.55	0.46	0.31
0.33	0.35	0.54	0.46
1.00	0.52	0.80	0.51
1.07	1.66	1.60	1.60
1.45	1.13	1.14	0.50
11.87	11.16	12.43	10.11

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.23%	8.77%	9.40%
Receivables	32.60	30.18	30.98
Inventories	4.68	5.24	1.50
Other current assets	6.66	10.24	0.60
TOTAL CURRENT ASSETS	52.17	54.43	42.48
FIXED ASSETS			
Real estate	6.33	10.82	0.00
Less: Accumulated depreciation	2.30	2.93	0.00
	4.03	7.89	0.00
Machinery and equipment	67.27	46.30	64.69
Less: Accumulated depreciation	34.27	20.10	33.55
	33.00	26.20	31.14
Other fixed assets	12.22	6.27	12.99
Less: Accumulated depreciation	6.61	3.29	0.68
	5.61	2.98	12.31
NET FIXED ASSETS	42.64	37.07	43.45
OTHER ASSETS	5.19	8.50	14.07
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.35	6.55	11.46
Accounts payable	7.91	4.39	6.84
Other current liabilities	7.39	9.77	6.92
TOTAL CURRENT LIABILITIES	25.65	20.71	25.22
LONG-TERM LIABILITIES	33.25	29.90	30.55
TOTAL LIABILITIES	58.90	50.61	55.77
SHAREHOLDERS' AND PROPRIETORS' EQUITY	41.10	49.39	44.23
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.03	2.63	1.68
QUICK RATIO	1.85	2.38	1.62
TOTAL LIABILITIES TO EQUITY	1.43	1.02	1.26
LONG-TERM LIABILITIES TO EQUITY	0.81	0.61	0.69
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.51	0.43	0.52

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
10.47%	4.53%	8.76%	8.38%
37.78	30.68	31.74	29.02
4.99	3.16	5.41	5.27
3.60	8.97	7.33	11.29
56.84	47.34	53.24	53.96
2.79	10.78	6.37	12.02
2.37	3.80	1.90	3.26
0.42	6.98	4.47	8.76
68.79	70.04	65.93	45.25
35.23	31.27	35.13	19.37
33.56	38.77	30.80	25.88
15.24	12.73	10.96	4.50
10.14	7.16	5.73	2.38
5.10	5.57	5.23	2.12
39.08	51.32	40.50	36.76
4.08	1.34	6.26	9.28
100.00	100.00	100.00	100.00
5.36	20.47	8.13	6.38
12.60	4.54	7.70	4.20
5.23	4.06	9.39	9.55
23.19	29.07	25.22	20.13
32.82	44.48	29.41	30.94
56.01	73.55	54.63	51.07
43.99	26.45	45.37	48.93
100.00	100.00	100.00	100.00

2.45	1.63	2.11	2.68
2.24	1.52	1.90	2.42
1.27	2.78	1.20	1.04
0.75	1.69	0.65	0.63
0.51	0.45	0.53	0.43

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 43,191	$ 54,490	$ 31,696
Average assets per factory employee (Excluding Executives)	63,464	76,883	48,415
Average net worth per employee - All employees	17,386	28,566	14,025
Average gross plant investment per factory employee (Excluding Executives)	51,705	49,384	37,536
Net worth percentage of fixed assets	146.37%	237.95%	102.56%
EMPLOYEES			
Percent factory - All employees	74.04%	75.86%	81.25%
Percent administrative - All employees	13.60	12.57	18.75
Percent sales - All employees	12.36	11.57	0.00
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 71,664	$ 85,869	$ 53,420
Sales per factory employee	97,866	114,639	66,509
Sales less material per factory employee	78,737	93,156	55,942
Sales per administrative employee	628,226	796,920	312,759
EXCLUDING EXECUTIVES			
Sales per employee - All employees	79,411	91,795	65,770
Sales per factory employee	104,512	120,688	77,832
Sales less material per factory employee	84,113	98,114	65,067
SALES PER SALESMAN	625,759	941,150	0
SALES TO CURRENT ASSETS	385%	325%	493%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	51.60%	49.29%	50.70%
Factory payroll percentage of gross plant investment	88.76	112.96	110.37
Payroll per employee - All employees	$ 36,897	$ 42,217	$ 27,263
Payroll per factory employee	34,571	39,260	26,640
Payroll per administrative employee	41,587	47,849	25,890
Payroll per sales employee	47,057	60,515	0
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 28,436	$ 32,781	$ 19,170
Payroll per factory employee	28,028	32,571	20,431
Payroll per administrative employee	18,473	19,817	11,990
Payroll per sales employee	39,768	51,859	0
EXECUTIVE PAYROLL			
Payroll per executive - All executives	59,102	73,990	49,995
Payroll per factory executive	39,387	38,957	18,994
Payroll per administrative executive	86,222	138,155	31,001
Payroll per sales executive	33,122	49,195	0
RECEIVABLES			
Collection period	65.5	67.4	56.7
PROFIT			
Gross profit percentage of sales	29.94%	35.06%	16.45%
Average gross profit per factory employee	$ 32,083	$ 42,692	$ 12,609
Income (loss) before taxes percentage of sales	4.22%	12.49%	(4.57)%
Average income (loss) before taxes per employee	$ 3,536	$ 10,971	$ (2,127)

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 32,735	$ 38,709	$ 49,316	$ 56,036
53,139	58,577	69,992	78,764
12,061	8,637	22,722	29,324
43,009	51,682	55,792	49,676
185.68%	65.57%	167.21%	249.45%
69.03%	72.66%	75.63%	76.08%
17.13	14.74	11.56	12.95
13.84	12.60	12.81	10.97
$ 58,971	$ 65,819	$ 79,607	$ 85,494
86,063	92,968	106,251	113,949
65,619	74,457	86,615	92,190
363,902	454,735	807,681	778,043
69,502	72,904	86,292	91,252
91,588	98,141	113,432	119,449
69,843	78,582	92,531	96,671
266,172	408,025	770,315	987,127
432%	416%	349%	320%
52.50%	50.68%	51.72%	48.98%
93.26	71.26	92.01	113.92
$ 30,739	$ 33,283	$ 41,107	$ 41,747
29,665	31,118	38,161	38,656
33,160	31,954	49,317	46,962
36,829	38,485	57,602	61,807
$ 22,534	$ 26,006	$ 32,087	$ 32,345
22,747	25,441	31,391	32,045
14,991	15,630	21,240	20,112
27,622	34,201	49,218	52,830
43,069	48,118	69,325	74,448
33,085	31,525	46,136	38,397
57,268	53,940	112,580	134,249
23,922	15,524	45,549	54,661
65.6	62.7	67.3	67.4
27.75%	31.14%	31.34%	35.14%
$ 25,588	$ 31,749	$ 35,996	$ 42,408
1.17%	3.05%	6.41%	12.74%
$ 773	$ 2,112	$ 5,463	$ 11,181

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING		SALES TO $500,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 5.34	$ 5.09	$ 3.60
Receivables	17.55	18.20	15.39
Inventories	2.64	3.46	1.39
Marketable securities	1.09	0.00	0.00
Other current assets	3.29	6.70	0.18
	29.91	33.45	20.56
Plant Investment:			
Land and building	3.92	7.71	0.00
Machinery and equipment	38.93	29.58	40.68
Other fixed assets	6.47	3.64	7.10
	49.32	40.93	47.78
Non-Current Assets	3.39	6.02	13.10
TOTAL INVESTMENT	82.62	80.40	81.44
INVESTMENT TURNOVER PER $100 OF SALES	121.04%	124.38%	122.79%
EARNINGS			
Cost of Product	$70.06	$64.94	$83.55
Selling Expenses	11.48	10.29	0.00
Administrative Expenses	12.77	11.32	16.39
	94.31	86.55	99.94
Income Before Interest, Other Income (Expense), and Taxes	5.69	13.45	0.06
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	6.89%	16.73%	0.07%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000**	SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000	
ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
$ 6.69	$ 2.50	$ 6.09	$ 5.04
17.74	16.66	18.02	18.15
2.54	1.76	3.10	3.60
0.95	0.00	1.63	0.00
0.97	5.42	3.53	7.41
28.89	26.34	32.37	34.20
1.41	5.93	4.32	8.56
36.52	39.86	39.23	30.06
6.20	6.66	6.44	2.92
44.13	52.45	49.99	41.54
2.05	0.68	4.05	6.61
75.07	79.47	86.41	82.35
133.21%	125.83%	115.73%	121.43%
$72.25	$68.86	$68.66	$64.86
11.87	11.16	12.43	10.11
14.46	13.64	11.57	11.44
98.58	93.66	92.66	86.41
1.42	6.34	7.34	13.59
1.89%	7.98%	8.49%	16.50%

REPORT ON OPERATIONS - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT				
MATERIALS				
Paper	1.11	1.96	3.33	1.52
Other chargeable materials	14.50	9.95	11.83	14.11
Outside services	6.89	9.38	2.55	1.82
TOTAL MATERIALS	22.50	21.29	17.71	17.45
FACTORY PAYROLL	31.69	34.55	35.55	30.96
FACTORY EXPENSES	14.22	10.42	16.13	12.95
TOTAL FACTORY COST OF PRODUCT	68.41	66.26	69.39	61.36
GROSS PROFIT	31.59	33.74	30.61	38.64
ADMINISTRATIVE AND SELLING EXPENSES				
Administrative expenses	14.30	8.47	13.19	13.07
Selling expenses	9.51	12.04	13.02	12.36
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	23.81	20.51	26.21	25.43
INCOME BEFORE INTEREST EXPENSE	7.78	13.23	4.40	13.21
Interest expense	1.99	1.82	2.17	1.52
OPERATING INCOME	5.79	11.41	2.23	11.69
Other income (expense)	(0.09)	(0.09)	0.86	0.87
INCOME BEFORE INCOME TAXES	5.70	11.32	3.09	12.56

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
OTHER CHARGEABLE MATERIALS				
Ink	1.35%	0.34%	0.22%	0.19%
Film	9.14	3.86	8.26	8.25
Plates	0.56	0.35	0.52	0.44
Other chargeable materials	3.45	5.40	2.83	5.23
TOTAL OTHER CHARGEABLE MATERIALS	14.50	9.95	11.83	14.11
OUTSIDE SERVICES				
Composition	0.03	0.09	0.11	0.05
Offset preparation	3.00	3.20	0.63	1.63
Printing	2.32	5.37	0.53	0.00
Binding	0.03	0.10	0.16	0.14
Other outside services	1.51	0.62	1.12	0.00
TOTAL OUTSIDE SERVICES	6.89	9.38	2.55	1.82

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
2.38	0.23	0.00	0.00
13.05	12.60	17.25	14.93
3.49	4.19	6.77	5.06
18.92	17.02	24.02	19.99
39.54	37.61	37.71	37.46
13.18	12.00	13.28	14.47
71.64	66.63	75.01	71.92
28.36	33.37	24.99	28.08
10.98	12.16	13.11	9.58
10.28	7.41	9.47	14.80
21.26	19.57	22.58	24.38
7.10	13.80	2.41	3.70
2.50	1.57	1.51	3.20
4.60	12.23	0.90	0.50
0.86	1.08	0.59	3.58
5.46	13.31	1.49	4.08

0.21%	0.07%	0.00%	0.00%
8.34	7.58	7.23	11.87
0.30	0.64	7.32	0.00
4.20	4.31	2.70	3.06
13.05	12.60	17.25	14.93
0.00	0.01	0.00	0.00
2.81	3.37	0.00	0.00
0.37	0.43	0.00	0.00
0.01	0.08	0.00	0.00
0.30	0.30	6.77	5.06
3.49	4.19	6.77	5.06

SUPPORTING SCHEDULES - SALES = 100%

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL				
Salaries - executive	2.06%	1.89%	3.62%	1.31%
Direct wages	22.79	25.21	23.70	22.54
General factory salaries and wages	1.34	1.52	1.97	2.05
Packing, shipping and delivery wages	0.11	0.35	0.94	0.31
Payroll taxes	2.91	2.19	2.27	2.01
Employee benefits	2.48	3.39	3.05	2.74
TOTAL FACTORY PAYROLL	31.69	34.55	35.55	30.96
FACTORY EXPENSES				
Fixed Expenses				
Depreciation - real estate	0.27	0.09	0.89	0.34
Depreciation - other	4.78	3.37	5.21	4.10
Taxes - real estate	0.26	0.28	0.20	0.35
Taxes - other	0.11	0.22	0.19	0.02
Insurance	0.77	0.17	0.48	0.24
Building rent	1.42	1.44	1.95	0.70
Utilities - heat, light, etc.	1.29	0.83	1.08	0.79
Equipment rental	0.93	0.27	1.53	0.98
Total Fixed Expenses	9.83	6.67	11.53	7.52
Other Expenses				
Factory supplies and expense	1.44	1.20	0.98	1.21
Packing, shipping and delivery expense	0.91	0.65	1.12	1.03
Repairs and maintenance	1.16	1.18	1.58	1.95
Other factory expenses	0.88	0.72	0.92	1.24
Total Other Expenses	4.39	3.75	4.60	5.43
TOTAL FACTORY EXPENSES	14.22	10.42	16.13	12.95
ADMINISTRATIVE EXPENSES				
Salaries - executive	5.59	2.31	3.37	3.89
Salaries - office	2.16	1.63	2.98	3.49
Payroll taxes	0.85	0.19	0.62	0.42
Employee benefits	0.71	0.85	1.04	2.08
Bad debts	0.20	0.18	0.73	0.25
Office supplies and expenses	0.67	0.50	0.74	0.38
Professional fees	0.58	0.68	1.09	0.60
Taxes - business	0.14	0.07	0.28	0.66
Telephone	0.79	0.66	0.75	0.53
Other administrative expenses	2.61	1.40	1.59	0.77
TOTAL ADMINISTRATIVE EXPENSES	14.30	8.47	13.19	13.07
SELLING EXPENSES				
Salaries - executive	0.55	0.67	1.63	1.21
Salaries and commissions - salesmen	5.61	6.98	5.97	6.40
Salaries - sales office clerical	0.19	0.65	0.56	0.18
Payroll taxes	0.43	0.41	0.54	0.43
Employee benefits	0.38	0.72	0.51	0.58
Advertising	0.55	0.26	0.78	1.02
Travel and entertainment	1.36	2.19	1.65	1.82
Other selling expenses	0.44	0.16	1.38	0.72
TOTAL SELLING EXPENSES	9.51	12.04	13.02	12.36

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.99%	2.42%	2.86%	3.76%
27.95	27.39	27.12	26.36
2.37	1.42	0.00	1.47
0.68	0.43	0.45	0.27
2.26	2.38	2.77	2.12
3.29	3.57	4.51	3.48
39.54	37.61	37.71	37.46
0.66	0.28	0.00	0.00
3.88	3.44	3.45	7.14
0.13	0.18	0.14	0.10
0.19	0.18	0.00	0.08
0.39	0.34	1.66	0.32
1.59	0.70	0.80	1.39
0.98	0.93	2.48	0.86
0.66	0.49	0.00	0.00
8.48	6.54	8.53	9.89
1.73	2.76	2.22	1.51
0.88	1.22	0.29	1.41
1.14	0.82	1.58	1.37
0.95	0.66	0.66	0.29
4.70	5.46	4.75	4.58
13.18	12.00	13.28	14.47
2.09	2.25	3.62	4.13
2.19	2.55	2.90	1.29
0.63	0.41	0.88	0.23
0.63	0.93	0.97	0.47
0.57	0.38	0.96	0.50
0.47	0.40	0.18	0.41
0.46	0.15	0.68	0.94
0.26	0.09	0.15	0.00
0.70	0.58	0.88	0.45
2.98	4.42	1.89	1.16
10.98	12.16	13.11	9.58
1.28	1.20	1.43	0.42
4.94	3.90	3.99	9.05
0.04	0.00	0.00	1.01
0.31	0.19	0.23	0.58
0.31	0.23	0.12	1.02
1.01	0.31	0.45	0.32
0.89	1.09	1.75	2.25
1.50	0.49	1.50	0.15
10.28	7.41	9.47	14.80

BALANCE SHEET

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
ASSETS				
CURRENT ASSETS				
Cash	8.19%	3.74%	10.27%	11.75%
Receivables	31.93	38.91	32.83	29.45
Inventories	4.67	7.56	4.15	4.11
Other current assets	10.12	14.47	2.47	1.52
TOTAL CURRENT ASSETS	54.91	64.68	49.72	46.83
FIXED ASSETS				
Real estate	10.76	4.70	5.06	14.22
Less: Accumulated depreciation	2.95	1.15	1.99	3.63
	7.81	3.55	3.07	10.59
Machinery and equipment	59.44	43.14	69.52	53.89
Less: Accumulated depreciation	27.26	17.03	33.92	24.18
	32.18	26.11	35.60	29.71
Other fixed assets	11.91	9.83	11.33	3.83
Less: Accumulated depreciation	7.48	4.94	5.52	2.54
	4.43	4.89	5.81	1.29
NET FIXED ASSETS	44.42	34.55	44.48	41.59
OTHER ASSETS	0.67	0.77	5.80	11.58
TOTAL ASSETS	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	6.90	6.16	8.74	6.29
Accounts payable	7.60	6.76	6.68	2.64
Other current liabilities	6.50	12.38	8.24	12.61
TOTAL CURRENT LIABILITIES	21.00	25.30	23.66	21.54
LONG-TERM LIABILITIES	41.58	27.82	30.89	28.07
TOTAL LIABILITIES	62.58	53.12	54.55	49.61
SHAREHOLDERS' AND PROPRIETORS' EQUITY	37.42	46.88	45.45	50.39
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.61	2.56	2.10	2.17
QUICK RATIO	2.39	2.26	1.93	1.98
TOTAL LIABILITIES TO EQUITY	1.67	1.13	1.20	0.98
LONG-TERM LIABILITIES TO EQUITY	1.11	0.59	0.68	0.56
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.46	0.39	0.49	0.45

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
5.83%	10.30%	2.16%	7.02%
31.45	24.19	47.38	24.76
5.22	4.34	6.68	5.14
8.80	13.62	4.85	20.37
51.30	52.45	61.07	57.29
6.87	12.86	0.00	0.00
3.18	3.75	0.00	0.00
3.69	9.11	0.00	0.00
69.50	42.98	83.57	57.57
37.79	19.34	61.05	28.28
31.71	23.64	22.52	29.29
12.39	5.43	17.40	16.17
7.55	2.62	9.58	4.90
4.84	2.81	7.82	11.27
40.24	35.56	30.34	40.56
8.46	11.99	8.59	2.15
100.00	100.00	100.00	100.00
17.20	7.04	11.17	7.87
5.67	3.93	17.95	22.35
6.81	5.68	6.11	7.90
29.68	16.65	35.23	38.12
35.05	32.82	17.65	20.63
64.73	49.47	52.88	58.75
35.27	50.53	47.12	41.25
100.00	100.00	100.00	100.00

1.73	3.15	1.73	1.50
1.55	2.89	1.54	1.37
1.83	0.98	1.12	1.42
0.99	0.65	0.37	0.50
0.54	0.45	0.73	0.49

SIGNIFICANT FACTS

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Average assets per employee - All employees	$ 46,119	$ 57,883	$ 42,308	$ 52,560
Average assets per factory employee (Excluding Executives)	71,565	81,011	62,986	80,679
Average net worth per employee - All employees	16,158	25,202	19,025	28,320
Average gross plant investment per factory employee (Excluding Executives)	54,824	47,703	55,092	61,156
Net worth percentage of fixed assets	184.37%	429.16%	147.69%	130.19%
EMPLOYEES				
Percent factory - All employees	71.01%	75.67%	72.12%	69.92%
Percent administrative - All employees	17.12	10.25	14.03	15.76
Percent sales - All employees	11.87	14.08	13.85	14.32
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES				
Sales per employee - All employees	$ 71,907	$ 93,269	$ 69,389	$ 89,113
Sales per factory employee	101,677	122,796	97,329	128,882
Sales less material per factory employee	78,658	96,437	80,232	106,652
Sales per administrative employee	545,070	996,329	593,976	570,396
EXCLUDING EXECUTIVES				
Sales per employee - All employees	81,785	99,965	76,079	94,538
Sales per factory employee	108,501	130,076	103,705	134,550
Sales less material per factory employee	84,076	102,253	85,483	111,403
SALES PER SALESMAN	599,643	765,954	577,322	876,882
SALES TO CURRENT ASSETS	347%	279%	400%	395%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES				
Total payroll percentage of sales	48.16%	48.96%	52.77%	49.64%
Factory payroll percentage of gross plant investment	92.41	161.52	81.88	89.82
Payroll per employee - All employees	$ 34,629	$ 45,317	$ 36,417	$ 44,437
Payroll per factory employee	32,043	42,532	34,140	39,485
Payroll per administrative employee	38,546	44,377	40,263	57,791
Payroll per sales employee	45,140	61,338	43,972	53,764
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES				
Payroll per employee - All employees	$ 26,374	$ 36,202	$ 27,645	$ 32,958
Payroll per factory employee	25,858	35,372	27,452	32,783
Payroll per administrative employee	13,613	17,149	19,779	23,963
Payroll per sales employee	39,850	54,153	35,859	44,145
EXECUTIVE PAYROLL				
Payroll per executive - All executives	52,862	66,081	63,173	100,408
Payroll per factory executive	26,217	40,739	39,708	32,529
Payroll per administrative executive	78,346	131,055	92,996	196,074
Payroll per sales executive	21,370	43,158	33,817	53,274
RECEIVABLES				
Collection period	69.4	83.3	66.4	60.0
PROFIT				
Gross profit percentage of sales	31.59%	33.74%	30.61%	38.64%
Average gross profit per factory employee	$ 34,697	$ 43,596	$ 32,676	$ 52,964
Income before taxes percentage of sales	5.70%	11.32%	3.09%	12.56%
Average income before taxes per employee	$ 4,788	$ 10,905	$ 2,708	$ 11,307

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 40,714	$ 53,394	$ 25,486	$ 67,043
55,021	70,939	38,002	95,172
15,525	31,274	11,988	22,656
42,195	41,816	38,630	64,554
114.33%	175.35%	155.21%	95.09%
80.37%	80.45%	72.92%	76.97%
9.72	11.93	17.50	7.34
9.91	7.62	9.58	15.69
$ 75,109	$ 77,885	$ 68,105	$ 78,395
95,165	97,840	93,419	101,867
76,979	80,574	70,944	81,514
733,254	817,256	398,835	1,073,630
81,300	83,610	82,559	86,610
101,324	103,249	101,510	111,179
81,989	85,043	77,103	88,910
776,054	1,120,748	325,000	691,809
412%	308%	450%	239%
51.95%	49.27%	51.85%	55.66%
99.51	93.89	105.97	64.78
$ 39,044	$ 38,226	$ 35,364	$ 43,593
37,037	36,639	35,365	38,167
43,836	42,996	32,959	66,753
52,273	64,960	46,706	60,219
$ 30,883	$ 30,082	$ 28,456	$ 34,011
30,656	30,312	28,065	31,170
19,176	18,709	24,879	20,451
44,836	55,925	39,063	51,850
61,098	60,107	31,838	68,913
51,292	42,441	34,063	47,986
78,356	100,040	30,476	156,317
46,595	50,664	19,971	31,072
58.2	61.0	65.1	74.5
28.36%	33.37%	24.99%	28.08%
$ 29,874	$ 34,310	$ 25,242	$ 31,267
5.46%	13.31%	1.49%	4.08%
$ 4,429	$ 10,768	$ 1,006	$ 3,203

RETURN ON INVESTMENT - PER $100 OF SALES

	PRINTERS AND LITHOGRAPHERS		ADVERTISING AGENCIES	
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS	PROFIT LEADERS
INVESTMENT				
Current Assets:				
Cash	$ 5.00	$ 1.68	$ 6.79	$ 6.05
Receivables	18.46	22.46	17.77	16.23
Inventories	2.97	5.14	2.42	2.42
Marketable securities	0.00	0.00	0.43	0.00
Other current assets	6.27	8.92	0.94	0.87
	32.70	38.20	28.35	25.57
Plant Investment:				
Land and building	6.61	4.36	3.20	9.36
Machinery and equipment	38.37	28.92	42.24	31.25
Other fixed assets	5.42	5.25	7.03	2.12
	50.40	38.53	52.47	42.73
Non-Current Assets	0.37	0.49	4.34	8.20
TOTAL INVESTMENT	83.47	77.22	85.16	76.50
INVESTMENT TURNOVER PER $100 OF SALES	119.80%	129.50%	117.43%	130.72%
EARNINGS				
Cost of Product	$68.41	$66.26	$69.39	$61.36
Selling Expenses	9.51	12.04	13.02	12.36
Administrative Expenses	14.30	8.47	13.19	13.07
	92.22	86.77	95.60	86.79
Income Before Interest, Other Income (Expense), and Taxes	7.78	13.23	4.40	13.21
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.32%	17.13%	5.17%	17.27%

** Sample insufficient for Profit Leaders.

PUBLISHERS		CARTON MANUFACTURERS**	OTHER**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 3.50	$ 6.94	$ 0.86	$ 6.88
15.70	16.45	17.76	19.91
2.58	2.99	2.67	3.31
0.00	0.00	0.00	19.34
5.47	9.41	1.80	1.41
27.25	35.79	23.09	50.85
4.14	8.98	0.00	0.00
32.94	28.85	31.43	47.87
5.64	3.56	6.80	10.32
42.72	41.39	38.23	58.19
4.88	8.53	3.04	2.32
74.85	85.71	64.36	111.36
133.60%	116.67%	155.38%	89.80%
$71.64	$66.63	$75.01	$71.92
10.28	7.41	9.47	14.80
10.98	12.16	13.11	9.58
92.90	86.20	97.59	96.30
7.10	13.80	2.41	3.70
9.49%	16.10%	3.74%	3.32%

REPORT ON OPERATIONS - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	3.61	2.23	1.26
Other chargeable materials	9.63	13.43	11.94
Outside services	4.01	4.23	5.45
TOTAL MATERIALS	17.25	19.89	18.65
FACTORY PAYROLL	36.85	35.60	34.55
FACTORY EXPENSES	15.62	14.97	12.20
TOTAL FACTORY COST OF PRODUCT	69.72	70.46	65.40
GROSS PROFIT	30.28	29.54	34.60
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	18.21	11.71	10.14
Selling expenses	11.29	11.71	11.10
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	29.50	23.42	21.24
INCOME BEFORE INTEREST EXPENSE	0.78	6.12	13.36
Interest expense	0.41	2.45	1.57
OPERATING INCOME	0.37	3.67	11.79
Other income	1.46	0.66	0.53
INCOME BEFORE INCOME TAXES	1.83	4.33	12.32

SUPPORTING SCHEDULES - SALES = 100%

	BLACK AND WHITE** ALL FIRMS	COLOR WORK ALL FIRMS	COLOR WORK PROFIT LEADERS
OTHER CHARGEABLE MATERIALS			
Ink	0.51%	0.41%	0.19%
Film	6.96	8.71	6.33
Plates	1.48	0.69	0.36
Other chargeable materials	0.68	3.62	5.06
TOTAL OTHER CHARGEABLE MATERIALS	9.63	13.43	11.94
OUTSIDE SERVICES			
Composition	0.33	0.03	0.06
Offset preparation	0.62	1.68	2.42
Printing	0.49	1.04	2.52
Binding	0.10	0.09	0.11
Other outside services	2.47	1.39	0.34
TOTAL OUTSIDE SERVICES	4.01	4.23	5.45

** Sample insufficient for Profit Leaders.

SUPPORTING SCHEDULES - SALES = 100%

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL			
Salaries - executive	2.02%	3.12%	1.89%
Direct wages	26.48	24.52	25.18
General factory salaries and wages	0.57	2.07	1.82
Packing, shipping and delivery wages	1.15	0.59	0.41
Payroll taxes	2.43	2.44	2.19
Employee benefits	4.20	2.86	3.06
TOTAL FACTORY PAYROLL	36.85	35.60	34.55
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.05	0.70	0.19
Depreciation - other	3.50	5.08	3.79
Taxes - real estate	0.28	0.18	0.28
Taxes - other	0.19	0.16	0.15
Insurance	0.74	0.57	0.27
Building rent	2.33	1.60	1.02
Utilities - heat, light, etc.	1.29	1.17	0.87
Equipment rental	1.45	1.05	0.63
Total Fixed Expenses	9.83	10.51	7.20
Other Expenses			
Factory supplies and expense	0.86	1.40	1.76
Packing, shipping and delivery expense	2.86	0.76	1.10
Repairs and maintenance	1.38	1.38	1.32
Other factory expenses	0.69	0.92	0.82
Total Other Expenses	5.79	4.46	5.00
TOTAL FACTORY EXPENSES	15.62	14.97	12.20
ADMINISTRATIVE EXPENSES			
Salaries - executive	6.68	3.26	2.76
Salaries - office	2.18	2.51	2.27
Payroll taxes	1.05	0.62	0.31
Employee benefits	1.45	0.72	1.22
Bad debts	0.51	0.58	0.29
Office supplies and expenses	0.94	0.58	0.43
Professional fees	2.44	0.58	0.50
Taxes - business	0.09	0.25	0.29
Telephone	0.67	0.76	0.57
Other administrative expenses	2.20	1.85	1.50
TOTAL ADMINISTRATIVE EXPENSES	18.21	11.71	10.14
SELLING EXPENSES			
Salaries - executive	3.53	0.90	1.16
Salaries and commissions - salesmen	3.52	6.07	5.93
Salaries - sales office clerical	1.06	0.27	0.28
Payroll taxes	0.37	0.47	0.37
Employee benefits	0.10	0.50	0.53
Advertising	0.90	0.74	0.56
Travel and entertainment	0.52	1.62	1.82
Other selling expenses	1.29	1.14	0.45
TOTAL SELLING EXPENSES	11.29	11.71	11.10

** Sample insufficient for Profit Leaders.

BALANCE SHEET

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
ASSETS			
CURRENT ASSETS			
Cash	18.18%	7.00%	9.51%
Receivables	40.70	31.68	31.58
Inventories	3.07	4.96	5.39
Other current assets	6.12	5.70	6.39
TOTAL CURRENT ASSETS	68.07	49.34	52.87
FIXED ASSETS			
Real estate	4.47	6.36	9.68
Less: Accumulated depreciation	3.80	2.09	2.75
	0.67	4.27	6.93
Machinery and equipment	60.72	69.33	48.63
Less: Accumulated depreciation	41.68	33.80	21.06
	19.04	35.53	27.57
Other fixed assets	20.34	11.11	6.67
Less: Accumulated depreciation	12.35	5.78	3.44
	7.99	5.33	3.23
NET FIXED ASSETS	27.70	45.13	37.73
OTHER ASSETS	4.23	5.53	9.40
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	5.80	11.01	6.38
Accounts payable	9.46	7.91	4.69
Other current liabilities	7.48	7.22	10.14
TOTAL CURRENT LIABILITIES	22.74	26.14	21.21
LONG-TERM LIABILITIES	10.74	35.37	25.96
TOTAL LIABILITIES	33.48	61.51	47.17
SHAREHOLDERS' AND PROPRIETORS' EQUITY	66.52	38.49	52.83
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	2.99	1.89	2.49
QUICK RATIO	2.86	1.70	2.24
TOTAL LIABILITIES TO EQUITY	0.50	1.60	0.89
LONG-TERM LIABILITIES TO EQUITY	0.16	0.92	0.49
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.69	0.49	0.43

** Sample insufficient for Profit Leaders.

SIGNIFICANT FACTS

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Average assets per employee - All employees	$ 23,445	$ 46,376	$ 56,837
Average assets per factory employee (Excluding Executives)	34,483	68,050	80,311
Average net worth per employee - All employees	16,398	18,003	31,054
Average gross plant investment per factory employee (Excluding Executives)	27,446	55,823	52,365
Net worth percentage of fixed assets	321.69%	126.32%	257.79%
EMPLOYEES			
Percent factory - All employees	71.06%	74.40%	75.64%
Percent administrative - All employees	14.43	13.36	11.70
Percent sales - All employees	14.51	12.24	12.66
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 59,132	$ 73,624	$ 90,093
Sales per factory employee	83,273	100,256	120,553
Sales less material per factory employee	68,954	80,342	97,808
Sales per administrative employee	620,003	635,866	859,424
EXCLUDING EXECUTIVES			
Sales per employee - All employees	66,054	81,322	96,246
Sales per factory employee	84,704	107,255	126,764
Sales less material per factory employee	70,134	86,002	102,891
SALES PER SALESMAN	539,601	592,790	838,362
SALES TO CURRENT ASSETS	414%	386%	338%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	56.78%	50.92%	49.38%
Factory payroll percentage of gross plant investment	119.71	83.78	113.81
Payroll per employee - All employees	$ 32,878	$ 37,561	$ 44,332
Payroll per factory employee	30,306	35,248	41,167
Payroll per administrative employee	44,210	41,408	50,554
Payroll per sales employee	28,567	48,793	59,531
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 23,236	$ 29,309	$ 34,487
Payroll per factory employee	23,665	28,769	34,273
Payroll per administrative employee	13,540	19,213	20,534
Payroll per sales employee	20,211	41,602	49,914
EXECUTIVE PAYROLL			
Payroll per executive - All executives	46,584	61,222	78,694
Payroll per factory executive	15,874	42,562	41,053
Payroll per administrative executive	73,343	88,458	146,652
Payroll per sales executive	23,487	33,672	54,661
RECEIVABLES			
Collection period	60.3	66.9	69.8
PROFIT			
Gross profit percentage of sales	30.28%	29.54%	34.60%
Average gross profit per factory employee	$ 26,132	$ 32,646	$ 44,558
Income before taxes percentage of sales	1.83%	4.33%	12.32%
Average income before taxes per employee	$ 1,249	$ 3,802	$ 11,449

** Sample insufficient for Profit Leaders.

RETURN ON INVESTMENT - PER $100 OF SALES

	BLACK AND WHITE**	COLOR WORK	
	ALL FIRMS	ALL FIRMS	PROFIT LEADERS
INVESTMENT			
Current Assets:			
Cash	$ 8.20	$ 5.09	$ 5.50
Receivables	16.03	17.92	18.84
Inventories	1.45	2.83	3.55
Marketable securities	1.52	1.09	0.00
Other current assets	1.42	2.80	3.97
	28.62	29.73	31.86
Plant Investment:			
Land and building	2.25	3.96	6.93
Machinery and equipment	23.21	41.99	30.91
Other fixed assets	7.57	6.38	3.84
	33.03	52.33	41.68
Non-Current Assets	2.41	3.68	6.66
TOTAL INVESTMENT	64.06	85.74	80.20
INVESTMENT TURNOVER PER $100 OF SALES	156.10%	116.63%	124.69%
EARNINGS			
Cost of Product	$69.72	$70.46	$65.40
Selling Expenses	11.29	11.71	11.10
Administrative Expenses	18.21	11.71	10.14
	99.22	93.88	86.64
Income Before Interest, Other Income, and Taxes	0.78	6.12	13.36
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	1.22%	7.14%	16.66%

** Sample insufficent for Profit Leaders.

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING**		
		TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	43	$ 3,060,000	$ 4,982,000	$ 358,000
TOTAL - PROFIT LEADERS*	10	6,365,000	9,587,000	1,199,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$500,000	2	254,000	427,000	(17,000)
$500,000-$1,500,000	8	427,000	850,000	11,000
$1,500,000-$3,000,000	9	1,336,000	2,260,000	64,000
Over $3,000,000	24	4,818,000	7,759,000	615,000
PROFIT LEADERS				
Over $3,000,000	9	6,925,000	10,330,000	1,299,000
BY MARKET				
ALL FIRMS				
Printers and Lithographers	10	2,663,000	4,181,000	347,000
Advertising Agencies	19	2,086,000	3,361,000	177,000
Publishers	10	5,375,000	9,239,000	796,000
Carton Manufacturers	2	444,000	1,197,000	17,000
Other	2	5,342,000	6,883,000	282,000
PROFIT LEADERS				
Printers and Lithographers	3	4,850,000	6,962,000	803,000
Advertising Agencies	3	3,029,000	5,027,000	640,000
Publishers	4	10,003,000	14,976,000	1,915,000
BY TYPE OF WORK				
ALL FIRMS				
Black and White	5	422,000	1,115,000	50,000
Color Work	36	3,337,000	5,389,000	374,000
PROFIT LEADERS				
Color Work	9	6,182,000	9,376,000	1,154,000

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages. See explanatory note on page 30.

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of their size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

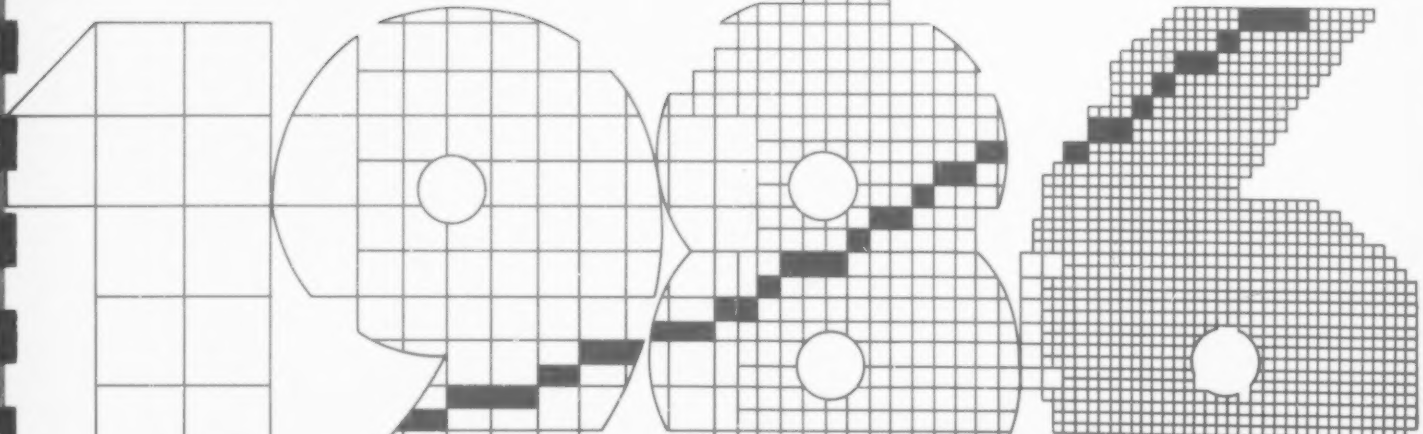
			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

1986
Financial
Ratio
Study

Binders' Ratios

Volume XIII

- A8740-1.13U 10/86 -



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

BINDERS

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
1730 North Lynn Street
Arlington, Virginia 22209

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New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Member of the Graphic Arts Community:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 24 Binders across the United States and Canada.

To help readers compare their own financial statements to those of other firms, the data is presented here by sales volume - for example, sales from $500,000 to $1,500,000, sales from $1,500,000 to $3,000,000, etc., and by product specialty for example, Pamphlet, Edition Books, etc. Readers can compare their firm's operations with other firms having the same sales volume or product specialty in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts and Return on Investment.

The importance of sharing this type of information among the members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company
H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD 2

CHAPTER 1 - BY SIZE OF FIRM 4-13
  Report on Operations - Sales = 100% 4- 5
  Supporting Schedules - Sales = 100% 6- 7
  Balance Sheet 8- 9
  Significant Facts 10-11
  Return on Investment - Per $100 of Sales 12-13

CHAPTER 2 - BY PRODUCT SPECIALTY 14-23
  Report on Operations - Sales = 100% 14-15
  Supporting Schedules - Sales = 100% 16-17
  Balance Sheet 18-19
  Significant Facts 20-21
  Return on Investment - Per $100 of Sales 22-23

ABSOLUTE DATA 24

Binding Industries of America is a special industry group of the binding industry and represents over 300 firms in trade binding, loose leaf manufacturing and supplies to those industries. BIA provides technical and managerial information on trade binding and loose leaf manufacturing. The *Binders' Bulletin* is a monthly publication with items of interest to the entire membership. In addition to the *Binders' Bulletin*, several other reports of special interest to binders are produced by BIA. BIA has also worked with American National Standards Institute in publishing specifications for the loose leaf binding industry. These specifications are available for purchase from the BIA office.

Over 450 people annually attend the BIA conference held in central locations. These members hear discussions and exchange information on the technology and problems unique to the binding industry. Audio tapes of these sessions are published by BIA and are available from the BIA office. Regional seminars are held each year in the east, midwest and west for technical subjects as well as exhibits from the supplier members. These seminars are for supervisory personnel in the members' binderies.

BIA is governed by its own Board of Directors and officers and is itself a support contributor to the efforts of Printing Industries of America, Inc. and affiliated local associations. We highly endorse the PIA Financial Ratio Study and encourage participation in this vital program.

James R. Niesen
Executive Director
Binding Industries of America
(312) 751-0440

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS*
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%
FACTORY COST OF PRODUCT		
MATERIALS		
Paper	2.27	0.00
Chargeable materials	9.32	5.43
Outside services	2.16	2.70
TOTAL MATERIALS	13.75	8.13
FACTORY PAYROLL	46.17	46.52
FACTORY EXPENSES	19.34	20.76
TOTAL FACTORY COST OF PRODUCT	79.26	75.41
GROSS PROFIT	20.74	24.59
ADMINISTRATIVE AND SELLING EXPENSES		
Administrative expenses	13.07	14.37
Selling expenses	3.80	1.67
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.87	16.04
INCOME (LOSS) BEFORE INTEREST EXPENSE	3.87	8.55
Interest expense	1.71	1.05
OPERATING INCOME (LOSS)	2.16	7.50
Other income	1.09	2.69
INCOME BEFORE INCOME TAXES	3.25	10.19

---

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
0.89	0.00	0.58	3.60
2.94	5.42	3.09	14.52
1.25	1.18	1.10	2.75
5.08	6.60	4.77	20.87
47.36	44.10	57.17	41.91
20.99	20.35	23.54	17.29
73.43	71.05	85.48	80.07
26.57	28.95	14.52	19.93
16.93	16.71	14.76	10.25
1.39	0.92	1.26	5.97
18.32	17.63	16.02	16.22
8.25	11.32	(1.50)	3.71
1.34	0.96	1.42	2.09
6.91	10.36	(2.92)	1.62
0.13	0.86	3.55	0.63
7.04	11.22	0.63	2.25

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
FACTORY PAYROLL		
Salaries - executive	3.20%	2.34%
Direct wages	30.94	31.07
General factory salaries and wages	2.00	3.32
Packing, shipping and delivery wages	2.34	2.68
Payroll taxes	3.45	3.19
Employee benefits	4.24	3.92
TOTAL FACTORY PAYROLL	46.17	46.52
FACTORY EXPENSES		
Fixed Expenses		
Depreciation - real estate	0.51	0.11
Depreciation - other	4.39	7.53
Taxes - real estate	0.30	0.36
Taxes - other	0.19	0.17
Insurance	1.19	1.46
Building rent	2.70	2.53
Utilities - heat, light, etc.	1.81	1.34
Equipment rental	0.40	0.06
Total Fixed Expenses	11.49	13.56
Other Expenses		
Factory supplies and expense	2.16	1.11
Packing, shipping and delivery expense	2.56	2.87
Repairs and maintenance	2.20	2.00
Other factory expenses	0.93	1.22
Total Other Expenses	7.85	7.20
TOTAL FACTORY EXPENSES	19.34	20.76
ADMINISTRATIVE EXPENSES		
Salaries - executive	4.71	6.83
Salaries - office	3.36	2.29
Payroll taxes	0.68	0.66
Employee benefits	0.77	1.67
Bad debts	0.56	0.52
Office supplies and expenses	0.50	0.23
Professional fees	0.67	0.76
Taxes - business	0.29	0.24
Telephone	0.55	0.36
Other administrative expenses	0.98	0.81
TOTAL ADMINISTRATIVE EXPENSES	13.07	14.37
SELLING EXPENSES		
Salaries - executive	0.67	0.06
Salaries and commissions - salesmen	1.40	0.40
Salaries - sales office clerical	0.25	0.46
Payroll taxes	0.12	0.08
Employee benefits	0.12	0.05
Advertising	0.31	0.04
Travel and entertainment	0.64	0.27
Other selling expenses	0.29	0.31
TOTAL SELLING EXPENSES	3.80	1.67

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
2.84%	2.11%	3.38%	3.14%
33.99	31.81	37.84	27.01
0.27	0.00	4.14	2.17
2.39	2.09	3.83	1.91
3.75	3.09	3.86	3.20
4.12	5.00	4.12	4.48
47.36	44.10	57.17	41.91
0.63	0.00	0.13	0.62
5.84	8.22	6.69	3.12
0.60	0.20	0.42	0.14
0.14	0.28	0.43	0.10
1.42	2.06	1.41	0.98
2.83	2.97	2.84	2.42
1.79	1.13	2.00	1.69
0.05	0.00	0.46	0.57
13.30	14.86	14.38	9.64
1.91	1.05	1.23	2.67
2.87	1.75	3.34	2.13
1.84	1.78	3.11	2.08
1.07	0.91	1.48	0.77
7.69	5.49	9.16	7.65
20.99	20.35	23.54	17.29
8.54	9.34	3.86	3.14
3.03	2.63	4.04	2.89
0.86	0.89	0.53	0.62
1.33	2.17	0.36	0.60
0.63	0.33	0.74	0.51
0.50	0.26	0.77	0.45
0.60	0.49	1.13	0.57
0.25	0.14	0.75	0.18
0.46	0.30	0.59	0.56
0.73	0.16	1.99	0.73
16.93	16.71	14.76	10.25
0.50	0.11	0.14	0.96
0.19	0.00	0.00	2.50
0.11	0.21	0.00	0.41
0.01	0.02	0.01	0.21
0.01	0.02	0.00	0.21
0.07	0.00	0.43	0.39
0.25	0.21	0.51	0.91
0.25	0.35	0.17	0.38
1.39	0.92	1.26	5.97

BALANCE SHEET

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
ASSETS		
CURRENT ASSETS		
Cash	6.94%	12.40%
Receivables	30.46	27.00
Inventories	8.08	2.03
Other current assets	8.80	11.22
TOTAL CURRENT ASSETS	54.28	52.65
FIXED ASSETS		
Real estate	10.25	2.97
Less: Accumulated depreciation	2.34	0.42
	7.91	2.55
Machinery and equipment	76.23	84.86
Less: Accumulated depreciation	47.27	53.86
	28.96	31.00
Other fixed assets	7.56	7.17
Less: Accumulated depreciation	4.54	3.72
	3.02	3.45
NET FIXED ASSETS	39.89	37.00
OTHER ASSETS	5.83	10.35
TOTAL ASSETS	100.00	100.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Notes payable	9.52	7.27
Accounts payable	11.14	8.39
Other current liabilities	9.09	10.28
TOTAL CURRENT LIABILITIES	29.75	25.94
LONG-TERM LIABILITIES	27.77	20.20
TOTAL LIABILITIES	57.52	46.14
SHAREHOLDERS' AND PROPRIETORS' EQUITY	42.48	53.86
TOTAL LIABILITIES AND EQUITY	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.82	2.03
QUICK RATIO	1.55	1.95
TOTAL LIABILITIES TO EQUITY	1.35	0.86
LONG-TERM LIABILITIES TO EQUITY	0.65	0.38
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.62	0.63

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
11.65%	15.03%	9.04%	4.39%
25.57	24.99	19.30	37.37
2.12	2.80	0.02	13.03
9.62	17.42	13.50	3.18
48.96	60.24	41.86	57.97
15.98	1.43	3.69	10.42
1.98	0.00	0.84	3.15
14.00	1.43	2.85	7.27
72.10	95.54	79.73	69.73
41.19	65.92	43.05	42.15
30.91	29.62	36.68	27.58
5.07	8.29	9.99	7.03
2.65	4.34	5.81	4.19
2.42	3.95	4.18	2.84
47.33	35.00	43.71	37.69
3.71	4.76	14.43	4.34
100.00	100.00	100.00	100.00
8.24	8.42	9.66	10.81
4.43	2.74	12.82	14.46
4.86	1.08	13.15	10.40
17.53	12.24	35.63	35.67
27.37	14.72	25.27	30.86
44.90	26.96	60.90	66.53
55.10	73.04	39.10	33.47
100.00	100.00	100.00	100.00
2.79	4.92	1.17	1.63
2.67	4.69	1.17	1.26
0.81	0.37	1.56	1.99
0.50	0.20	0.65	0.92
0.57	0.69	0.54	0.60

SIGNIFICANT FACTS

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Average assets per employee - All employees	$ 21,559	$ 26,182
Average assets per factory employee (Excluding Executives)	26,023	30,699
Average net worth per employee - All employees	9,369	14,474
Average gross plant investment per factory employee (Excluding Executives)	23,821	28,027
Net worth percentage of fixed assets	162.13%	171.05%
EMPLOYEES		
Percent factory - All employees	87.08%	87.92%
Percent administrative - All employees	9.95	10.43
Percent sales - All employees	2.97	1.65
SALES - VALUE OF PRODUCT PRODUCED		
INCLUDING EXECUTIVES		
Sales per employee - All employees	$ 42,039	$ 41,078
Sales per factory employee	48,909	47,431
Sales less material per factory employee	40,421	43,546
Sales per administrative employee	488,659	405,981
EXCLUDING EXECUTIVES		
Sales per employee - All employees	45,971	45,255
Sales per factory employee	51,610	48,888
Sales less material per factory employee	42,355	44,850
SALES PER SALESMAN	1,040,644	0
SALES TO CURRENT ASSETS	383%	329%
PAYROLL - INCLUDING TAXES AND BENEFITS		
INCLUDING EXECUTIVES		
Total payroll percentage of sales	58.24%	59.02%
Factory payroll percentage of gross plant investment	104.35	79.66
Payroll per employee - All employees	$ 23,609	$ 24,183
Payroll per factory employee	21,102	21,218
Payroll per administrative employee	39,893	45,063
Payroll per sales employee	28,969	9,205
PAYROLL - EXCLUDING TAXES AND BENEFITS		
EXCLUDING EXECUTIVES		
Payroll per employee - All employees	$ 17,270	$ 17,161
Payroll per factory employee	16,461	17,000
Payroll per administrative employee	20,157	17,632
Payroll per sales employee	21,531	8,097
EXECUTIVE PAYROLL		
Payroll per executive - All executives	54,380	50,705
Payroll per factory executive	37,789	31,581
Payroll per administrative executive	76,487	55,321
Payroll per sales executive	25,069	3,600
RECEIVABLES		
Collection period	59.0	66.1
PROFIT		
Gross profit percentage of sales	20.74%	24.59%
Average gross profit per factory employee	$ 11,157	$ 13,024
Income before taxes percentage of sale	3.25%	10.19%
Average income before taxes per employee	$ 1,460	$ 4,197

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 22,564	$ 26,451	$ 24,082	$ 20,518
27,383	32,108	26,889	25,292
13,295	20,253	8,984	6,973
25,105	31,964	24,623	21,297
155.51%	241.14%	138.48%	96.81%
85.37%	85.72%	91.75%	86.75%
13.36	13.35	8.09	8.40
1.27	0.93	0.16	4.85
$ 40,128	$ 50,030	$ 33,172	$ 46,455
47,658	58,651	36,413	54,160
44,987	54,549	34,773	40,494
315,321	373,906	424,959	611,771
45,169	56,326	34,936	50,665
49,653	60,682	37,489	57,768
46,846	56,370	35,804	42,773
0	0	0	1,040,644
400%	343%	369%	394%
61.94%	59.49%	66.12%	53.46%
102.58	86.95	92.68	113.40
$ 24,732	$ 29,778	$ 22,136	$ 23,741
21,962	25,560	20,872	20,919
42,645	56,541	36,190	40,538
8,422	6,850	7,930	47,155
$ 17,124	$ 20,239	$ 17,238	$ 17,421
17,125	20,143	16,825	16,102
18,343	21,523	22,784	20,199
5,195	6,000	0	37,352
46,570	53,874	50,747	59,529
25,563	23,778	45,154	40,315
47,932	59,791	61,822	96,305
13,600	6,000	7,356	37,741
56.7	45.1	54.8	63.3
26.57%	28.95%	14.52%	19.93%
$ 13,775	$ 17,718	$ 5,651	$ 11,856
7.04%	11.22%	0.63%	2.25%
$ 3,235	$ 5,385	$ 39	$ 1,094

RETURN ON INVESTMENT - PER $100 OF SALES

	ALL FIRMS REPORTING	
	ALL FIRMS	PROFIT LEADERS
INVESTMENT		
Current Assets:		
Cash	$ 3.70	$ 7.00
Receivables	15.73	17.62
Inventories	3.47	1.14
Marketable securities	3.13	6.62
Other current assets	1.85	1.10
	27.88	33.48
Plant Investment:		
Land and building	7.17	3.57
Machinery and equipment	41.87	53.89
Other fixed assets	4.37	5.38
	53.41	62.84
Non-Current Assets	4.55	12.33
TOTAL INVESTMENT	85.84	108.65
INVESTMENT TURNOVER PER $100 OF SALES	116.50%	92.04%
EARNINGS		
Cost of Product	$79.26	$75.41
Selling Expenses	3.80	1.67
Administrative Expenses	13.07	14.37
	96.13	91.45
Income (Loss) Before Interest, Other Income, and Taxes	3.87	8.55
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME (LOSS)	4.51%	7.87%

** Sample insufficient for Profit Leaders.

SALES FROM $500,000-$1,500,000		SALES FROM $1,500,000-$3,000,000**	SALES OVER $3,000,000**
ALL FIRMS	PROFIT LEADERS	ALL FIRMS	ALL FIRMS
$ 6.08	$ 8.40	$ 5.67	$ 2.13
15.02	12.35	14.62	16.92
1.10	1.55	0.02	5.34
5.51	11.03	0.00	0.63
0.75	0.54	7.00	0.84
28.46	33.87	27.31	25.86
14.62	0.79	4.47	5.12
40.27	47.18	59.93	32.35
3.48	5.51	7.51	3.24
58.37	53.48	71.91	40.71
2.37	2.70	16.31	2.12
89.20	90.05	115.53	68.69
112.11%	111.05%	86.56%	145.58%
$73.43	$71.05	$85.48	$80.07
1.39	0.92	1.26	5.97
16.93	16.71	14.76	10.25
91.75	88.68	101.50	96.29
8.25	11.32	(1.50)	3.71
9.25%	12.57%	(1.30)%	5.40%

REPORT ON OPERATIONS - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	0.48	0.00	0.00
Chargeable materials	3.77	3.68	15.83
Outside services	2.37	3.37	1.73
TOTAL MATERIALS	6.62	7.05	17.56
FACTORY PAYROLL	51.05	47.32	43.65
FACTORY EXPENSES	20.88	21.57	15.09
TOTAL FACTORY COST OF PRODUCT	78.55	75.94	76.30
GROSS PROFIT	21.45	24.06	23.70
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.98	13.61	13.15
Selling expenses	2.60	1.79	3.47
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	16.58	15.40	16.62
INCOME BEFORE INTEREST EXPENSE	4.87	8.66	7.08
Interest expense	1.45	1.32	1.85
OPERATING INCOME	3.42	7.34	5.23
Other income	1.24	3.03	0.60
INCOME BEFORE INCOME TAXES	4.66	10.37	5.83

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
100.00%	100.00%	100.00%
11.69	0.78	0.00
29.31	1.66	4.19
2.21	1.83	1.91
43.21	4.27	6.10
24.05	52.51	53.00
9.88	24.81	21.71
77.14	81.59	80.81
22.86	18.41	19.19
10.40	14.34	13.88
8.38	2.73	1.19
18.78	17.07	15.07
4.08	1.34	4.12
2.25	1.08	1.34
1.83	0.26	2.78
0.13	1.60	1.32
1.96	1.86	4.10

SUPPORTING SCHEDULES - SALES = 100%

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	2.34%	1.91%	3.68%
Direct wages	34.77	30.33	30.27
General factory salaries and wages	2.42	4.16	1.95
Packing, shipping and delivery wages	3.03	3.32	1.19
Payroll taxes	4.05	3.37	3.30
Employee benefits	4.44	4.23	3.26
TOTAL FACTORY PAYROLL	51.05	47.32	43.65
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.53	0.13	0.00
Depreciation - other	5.36	8.55	3.03
Taxes - real estate	0.57	0.36	0.12
Taxes - other	0.10	0.07	0.19
Insurance	0.99	1.11	1.34
Building rent	2.14	2.25	3.75
Utilities - heat, light, etc.	2.07	1.44	1.86
Equipment rental	0.56	0.07	0.42
Total Fixed Expenses	12.32	13.98	10.71
Other Expenses			
Factory supplies and expense	1.36	0.70	1.61
Packing, shipping and delivery expense	3.56	3.59	0.74
Repairs and maintenance	2.64	2.36	1.17
Other factory expenses	1.00	0.94	0.86
Total Other Expenses	8.56	7.59	4.38
TOTAL FACTORY EXPENSES	20.88	21.57	15.09
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.24	5.79	6.20
Salaries - office	2.75	1.95	3.44
Payroll taxes	0.76	0.59	0.72
Employee benefits	1.01	1.83	0.78
Bad debts	1.02	0.65	0.26
Office supplies and expenses	0.46	0.24	0.31
Professional fees	0.83	0.92	0.39
Taxes - business	0.27	0.23	0.14
Telephone	0.53	0.43	0.44
Other administrative expenses	1.11	0.98	0.47
TOTAL ADMINISTRATIVE EXPENSES	13.98	13.61	13.15
SELLING EXPENSES			
Salaries - executive	0.43	0.00	1.05
Salaries and commissions - salesmen	0.73	0.51	0.87
Salaries - sales office clerical	0.23	0.42	0.21
Payroll taxes	0.09	0.08	0.08
Employee benefits	0.09	0.04	0.02
Advertising	0.22	0.05	0.24
Travel and entertainment	0.54	0.32	0.70
Other selling expenses	0.27	0.37	0.30
TOTAL SELLING EXPENSES	2.60	1.79	3.47

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
2.52%	5.13%	3.11%
14.07	33.91	40.16
2.47	1.67	0.00
0.51	3.29	2.21
1.49	3.76	3.64
2.99	4.75	3.88
24.05	52.51	53.00
0.15	1.97	0.00
1.88	2.33	6.79
0.12	0.00	0.01
0.09	0.43	0.30
1.11	1.41	1.85
1.31	3.36	2.86
1.00	2.00	1.22
0.02	0.67	0.06
5.68	12.17	13.09
1.81	5.84	2.72
1.56	2.62	1.67
0.74	2.71	3.33
0.09	1.47	0.90
4.20	12.64	8.62
9.88	24.81	21.71
3.71	4.17	4.56
2.95	5.34	3.72
0.42	0.56	1.05
0.56	0.47	0.47
0.18	0.03	0.30
0.43	0.50	1.09
0.71	0.37	0.46
0.01	0.06	1.69
0.75	0.61	0.37
0.68	2.23	0.17
10.40	14.34	13.88
1.63	0.55	0.00
4.07	0.73	0.00
0.38	0.44	0.00
0.24	0.12	0.00
0.28	0.12	0.00
0.36	0.19	0.53
0.93	0.34	0.41
0.49	0.24	0.25
8.38	2.73	1.19

BALANCE SHEET

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	8.46%	7.91%	11.67%
Receivables	29.28	28.14	33.20
Inventories	2.06	0.51	10.47
Other current assets	7.04	11.33	4.66
TOTAL CURRENT ASSETS	46.84	47.89	60.00
FIXED ASSETS			
Real estate	17.25	2.64	1.43
Less: Accumulated depreciation	4.34	0.53	0.00
	12.91	2.11	1.43
Machinery and equipment	74.43	91.71	64.58
Less: Accumulated depreciation	44.00	57.26	36.08
	30.43	34.45	28.50
Other fixed assets	5.77	7.28	7.93
Less: Accumulated depreciation	3.79	4.66	2.01
	1.98	2.62	5.92
NET FIXED ASSETS	45.32	39.18	35.85
OTHER ASSETS	7.84	12.93	4.15
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	9.87	9.08	10.10
Accounts payable	7.88	9.63	10.03
Other current liabilities	9.56	12.86	6.80
TOTAL CURRENT LIABILITIES	27.31	31.57	26.93
LONG-TERM LIABILITIES	26.98	25.25	16.14
TOTAL LIABILITIES	54.29	56.82	43.07
SHAREHOLDERS' AND PROPRIETORS' EQUITY	45.71	43.18	56.93
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.72	1.52	2.23
QUICK RATIO	1.64	1.50	1.84
TOTAL LIABILITIES TO EQUITY	1.19	1.32	0.76
LONG-TERM LIABILITIES TO EQUITY	0.59	0.58	0.28
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.59	0.62	0.56

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
4.92%	4.18%	6.89%
34.26	28.01	27.45
23.21	5.19	1.73
2.20	34.33	3.94
64.59	71.71	40.01
11.77	0.00	2.44
1.54	0.00	1.11
10.23	0.00	1.33
47.66	113.14	83.63
26.92	93.33	39.52
20.74	19.81	44.11
4.63	11.85	15.54
2.37	8.54	9.00
2.26	3.31	6.54
33.23	23.12	51.98
2.18	5.17	8.01
100.00	100.00	100.00
12.70	3.24	5.84
18.35	12.60	3.86
12.32	9.01	3.19
43.37	24.85	12.89
29.85	14.52	27.66
73.22	39.37	40.55
26.78	60.63	59.45
100.00	100.00	100.00
1.49	2.89	3.10
0.95	2.68	2.97
2.73	0.65	0.68
1.11	0.24	0.47
0.56	0.82	0.47

SIGNIFICANT FACTS

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 20,823	$ 25,437	$ 24,613
Average assets per factory employee (Excluding Executives)	24,044	28,860	29,771
Average net worth per employee - All employees	9,369	11,052	14,900
Average gross plant investment per factory employee (Excluding Executives)	23,204	28,517	21,673
Net worth percentage of fixed assets	117.48%	128.44%	181.00%
EMPLOYEES			
Percent factory - All employees	88.42%	89.35%	88.23%
Percent administrative - All employees	9.93	9.29	9.87
Percent sales - All employees	1.65	1.36	1.90
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 34,705	$ 38,063	$ 49,963
Sales per factory employee	39,725	43,135	56,796
Sales less material per factory employee	37,087	40,290	46,665
Sales per administrative employee	384,889	418,634	604,660
EXCLUDING EXECUTIVES			
Sales per employee - All employees	37,342	40,948	55,128
Sales per factory employee	40,839	43,775	60,115
Sales less material per factory employee	38,122	40,887	49,397
SALES PER SALESMAN	1,011,558	0	2,000,428
SALES TO CURRENT ASSETS	388%	347%	352%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	62.37%	58.52%	57.02%
Factory payroll percentage of gross plant investment	95.81	70.79	120.44
Payroll per employee - All employees	$ 21,544	$ 22,121	$ 28,291
Payroll per factory employee	19,790	19,530	24,576
Payroll per administrative employee	34,884	41,529	56,694
Payroll per sales employee	21,675	6,369	69,625
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 15,647	$ 15,442	$ 20,669
Payroll per factory employee	15,537	15,330	19,985
Payroll per administrative employee	15,746	14,541	26,271
Payroll per sales employee	15,069	5,621	44,668
EXECUTIVE PAYROLL			
Payroll per executive - All executives	48,414	49,737	66,543
Payroll per factory executive	29,440	29,893	40,848
Payroll per administrative executive	51,589	51,783	188,716
Payroll per sales executive	13,693	0	64,571
RECEIVABLES			
Collection period	66.8	71.4	60.6
PROFIT			
Gross profit percentage of sales	21.45%	24.06%	23.70%
Average gross profit per factory employee	$ 9,375	$ 11,648	$ 14,371
Income before taxes percentage of sales	4.66%	10.37%	5.83%
Average income before taxes per employee	$ 1,814	$ 3,988	$ 3,030

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 22,814	$ 18,293	$ 25,425
31,687	21,948	28,444
5,987	11,242	15,139
20,434	28,089	29,014
93.22%	527.64%	118.90%
80.63%	86.83%	91.89%
10.24	10.99	8.11
9.13	2.18	0.00
$ 59,363	$ 38,425	$ 43,291
73,933	44,140	47,005
41,696	42,389	43,424
648,111	531,984	553,904
68,422	40,816	45,881
82,269	45,851	48,190
46,203	44,029	44,537
599,685	1,179,480	0
422%	310%	427%
38.30%	65.00%	62.79%
123.95	105.30	91.72
$ 22,588	$ 25,061	$ 26,935
17,603	23,403	24,822
41,265	37,892	51,412
42,190	11,575	0
$ 16,549	$ 18,509	$ 20,710
13,541	17,900	20,241
22,126	23,225	27,276
38,421	8,096	0
41,203	64,873	59,029
16,891	61,319	56,787
91,671	71,692	60,150
47,335	22,660	0
48.6	47.5	52.3
22.86%	18.41%	19.19%
$ 18,791	$ 8,414	$ 9,277
1.96%	1.86%	4.10%
$ 1,220	$ 688	$ 1,850

RETURN ON INVESTMENT - PER $100 OF SALES

	PAMPHLET		EDITION BOOKS**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Current Assets:			
Cash	$ 4.47	$ 4.59	$ 6.27
Receivables	17.69	18.96	16.01
Inventories	0.97	0.30	5.09
Marketable securities	3.27	6.95	1.76
Other current assets	1.23	1.21	0.71
	27.63	32.01	29.84
Plant Investment:			
Land and building	13.46	3.88	0.79
Machinery and equipment	45.14	59.48	31.58
Other fixed assets	3.86	5.80	3.91
	62.46	69.16	36.28
Non-Current Assets	7.49	15.41	1.88
TOTAL INVESTMENT	97.58	116.58	68.00
INVESTMENT TURNOVER PER $100 OF SALES	102.48%	85.78%	147.06%
EARNINGS			
Cost of Product	$78.55	$75.94	$76.30
Selling Expenses	2.60	1.79	3.47
Administrative Expenses	13.98	13.61	13.15
	95.13	91.34	92.92
Income Before Interest, Other Income, and Taxes	4.87	8.66	7.08
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	4.99%	7.43%	10.41%

** Sample insufficient for Profit Leaders.

LOOSELEAF**	NO PREDOMINANT SPECIALTY**	OTHER**
ALL FIRMS	ALL FIRMS	ALL FIRMS
$ 2.04	$ 2.02	$ 5.04
12.92	12.99	14.32
8.49	2.94	0.78
0.00	11.30	0.00
0.70	6.48	3.30
24.15	35.73	23.44
4.89	0.00	1.08
18.49	58.45	54.57
1.78	6.19	10.41
25.16	64.64	66.06
0.86	2.33	5.07
50.17	102.70	94.57
199.32%	97.37%	105.74%
$77.14	$81.59	$80.81
8.38	2.73	1.19
10.40	14.34	13.88
95.92	98.66	95.88
4.08	1.34	4.12
8.13%	1.30%	4.36%

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME (LOSS)
TOTAL - ALL FIRMS	24	$2,010,000	$4,055,000	$118,000
TOTAL - PROFIT LEADERS*	5	1,492,000	1,936,000	190,000
BY SIZE OF FIRM				
ALL FIRMS				
$500,000-$1,500,000	6	684,000	1,032,000	76,000
$1,500,000-$3,000,000	4	1,789,000	2,167,000	(7,000)
Over $3,000,000	13	2,823,000	6,308,000	184,000
PROFIT LEADERS				
$500,000-$1,500,000	3	602,000	1,076,000	128,000
BY PRODUCT SPECIALTY				
ALL FIRMS				
Pamphlet	11	1,788,000	2,982,000	130,000
Edition Books	3	2,582,000	5,599,000	260,000
Looseleaf	4	3,311,000	8,208,000	208,000
No Predominant Specialty	3	952,000	2,099,000	2,000
Other	2	1,559,000	2,573,000	108,000
PROFIT LEADERS				
Pamphlet	4	1,787,000	2,278,000	224,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios' giving inordinate weight to the results of very large firms.

			% of Sales	
Firm	Sales	Factory Payroll	Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

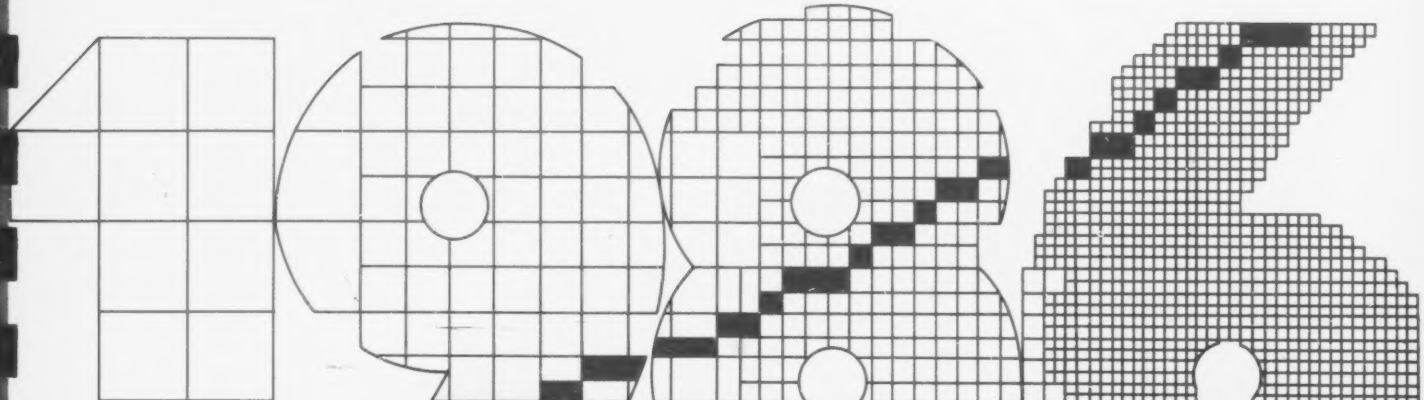
**** Unlike the ratios shown in this book, these figures are arithmetic averages.**

1986
Financial
Ratio
Study

Quick Printers' Ratios

Volume XIV

A8740-1.14U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

QUICK PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
1730 North Lynn Street
Arlington, Virginia 22209

Edited and Prepared by H. R. Margolis Company,
Certified Public Accountants
New York and Philadelphia (Bala Cynwyd)

Printed in U.S.A.

H. R. MARGOLIS COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Quick Printers:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 21 Quick Printers across the United States and Canada.

To help readers compare their own financial statements to those of other quick printing firms, the data is presented here by sales volume - for example, sales to $250,000, sales from $250,000 to $500,000, etc. Readers can compare their firm's operations with other firms having the same sales volume in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

TABLE OF CONTENTS

Page Number

FOREWORD.. 2

ALL QUICK PRINTERS BY SALES VOLUME................................ 4-13
   All Firms Reporting
   0 to $250,000
   $250,000 to $500,000
   $500,000 to $1,500,000
   $5,000,000 to $10,000,000

   Report on Operations - Sales = 100%............................ 4- 5
   Supporting Schedules - Sales = 100%............................ 4- 7
   Balance Sheet.. 8- 9
   Significant Facts.. 10-11
   Return on Investment Chart - Per $100 of Sales - All Firms Reporting.... 12
   Return on Investment - Per $100 of Sales - By Size of Firm............. 13

ABSOLUTE DATA... 14

BASIC GUIDE TO USING YOUR QUICK PRINTERS' RATIO STUDY............. 15-16

REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	14.44	13.27	14.69
Other chargeable materials	3.93	5.06	4.25
Outside services	12.36	13.25	11.85
TOTAL MATERIALS	30.73	31.58	30.79
FACTORY PAYROLL	23.16	23.44	26.73
FACTORY EXPENSES	16.58	14.19	15.62
TOTAL FACTORY COST OF PRODUCT	70.47	69.21	73.14
GROSS PROFIT	29.53	30.79	26.86
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.54	10.85	9.32
Selling expenses	8.88	6.69	9.93
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.42	17.54	19.25
INCOME BEFORE INTEREST EXPENSE	7.11	13.25	7.61
Interest expense	2.32	0.66	5.96
OPERATING INCOME	4.79	12.59	1.65
Other income	0.79	0.99	2.03
INCOME BEFORE INCOME TAXES	5.58	13.58	3.68

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.84%	0.78%	2.31%
Film	0.73	0.68	0.00
Plates	0.76	1.20	0.00
Other chargeable materials	1.60	2.40	1.94
TOTAL OTHER CHARGEABLE MATERIALS	3.93	5.06	4.25
OUTSIDE SERVICES			
Composition	0.89	1.28	0.00
Offset preparation	0.42	0.02	0.00
Printing	6.24	8.98	3.07
Binding	0.31	0.02	0.00
Other outside services	4.50	2.95	8.78
TOTAL OUTSIDE SERVICES	12.36	13.25	11.85

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
16.18	14.70	13.77	8.76
3.46	4.29	5.16	4.19
10.67	16.85	16.53	6.53
30.31	35.84	35.46	19.48
23.42	21.62	20.30	26.26
17.99	13.98	12.81	22.02
71.72	71.44	68.57	67.76
28.28	28.56	31.43	32.24
14.56	12.46	11.42	14.05
8.89	6.87	5.97	8.98
23.45	19.33	17.39	23.03
4.83	9.23	14.04	9.21
1.84	1.87	0.72	0.91
2.99	7.36	13.32	8.30
0.83	0.29	1.28	0.59
3.82	7.65	14.60	8.89

0.61%	0.68%	0.94%	1.39%
0.94	0.56	0.47	0.61
0.86	0.91	1.43	0.29
1.05	2.14	2.32	1.90
3.46	4.29	5.16	4.19
0.83	1.36	2.14	0.12
0.26	0.17	0.00	0.63
7.24	6.26	9.55	5.08
0.31	0.14	0.00	0.42
2.03	8.92	4.84	0.28
10.67	16.85	16.53	6.53

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.11%	2.38%	6.12%
Direct wages	14.88	15.22	16.72
General factory salaries and wages	1.30	1.62	0.00
Packing, shipping and delivery wages	0.73	0.79	0.69
Payroll taxes	1.64	1.68	2.00
Employee benefits	1.50	1.75	1.20
TOTAL FACTORY PAYROLL	23.16	23.44	26.73
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.20	0.00	0.71
Depreciation - other	3.99	3.20	5.52
Taxes - real estate	0.10	0.02	0.15
Taxes - other	0.17	0.10	0.36
Insurance	0.54	0.33	1.34
Building rent	3.56	2.64	2.17
Utilities - heat, light, etc.	0.87	0.70	0.96
Equipment rental	2.96	2.96	0.00
Total Fixed Expenses	12.39	9.95	11.21
Other Expenses			
Factory supplies and expense	0.76	1.00	0.75
Packing, shipping and delivery expense	0.90	1.72	0.30
Repairs and maintenance	1.86	1.38	2.15
Other factory expenses	0.67	0.14	1.21
Total Other Expenses	4.19	4.24	4.41
TOTAL FACTORY EXPENSES	16.58	14.19	15.62
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.50	3.34	4.62
Salaries - office	1.94	2.11	0.28
Payroll taxes	0.52	0.35	0.36
Employee benefits	0.63	0.90	0.29
Bad debts	0.49	0.45	0.01
Office supplies and expenses	0.98	0.89	0.94
Professional fees	0.94	0.80	0.85
Taxes - business	0.09	0.15	0.00
Telephone	0.72	0.78	0.70
Other administrative expenses	1.73	1.08	1.27
TOTAL ADMINISTRATIVE EXPENSES	13.54	10.85	9.32
SELLING EXPENSES			
Salaries - executive	1.60	1.80	2.51
Salaries and commissions - salesmen	1.30	1.37	0.41
Salaries - sales office clerical	0.83	0.57	0.00
Payroll taxes	0.28	0.26	0.22
Employee benefits	0.25	0.18	0.17
Advertising	2.23	1.52	4.25
Travel and entertainment	0.70	0.66	0.63
Other selling expenses	1.69	0.33	1.74
TOTAL SELLING EXPENSES	8.88	6.69	9.93

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.71%	3.14%	2.35%	5.71%
18.02	11.26	12.21	15.18
0.21	3.20	2.43	0.41
0.42	0.92	0.48	0.99
1.32	1.81	1.43	2.03
1.74	1.29	1.40	1.94
23.42	21.62	20.30	26.26
0.14	0.14	0.00	0.00
4.26	3.59	3.57	2.66
0.12	0.08	0.03	0.00
0.20	0.05	0.04	0.25
0.60	0.30	0.19	0.18
4.80	2.79	1.96	3.46
1.14	0.65	0.69	0.63
3.53	2.14	1.61	7.30
14.79	9.74	8.09	14.48
0.78	0.82	1.26	0.73
0.71	1.19	2.05	1.25
1.43	1.35	1.24	4.60
0.28	0.88	0.17	0.96
3.20	4.24	4.72	7.54
17.99	13.98	12.81	22.02
7.98	2.82	3.16	5.76
0.87	3.31	2.09	2.33
0.60	0.46	0.32	0.54
0.69	0.63	1.00	0.72
0.44	0.38	0.65	0.15
0.85	0.86	0.91	0.83
0.72	1.02	0.87	0.88
0.05	0.14	0.22	0.15
0.88	0.67	0.76	0.55
1.48	2.17	1.44	2.14
14.56	12.46	11.42	14.05
1.28	1.62	1.67	2.19
0.95	1.77	1.10	2.60
0.72	0.41	0.74	0.51
0.16	0.34	0.29	0.33
0.28	0.15	0.09	0.40
2.28	1.55	1.07	1.40
0.84	0.65	0.67	0.73
2.38	0.38	0.34	0.82
8.89	6.87	5.97	8.98

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	14.75%	23.62%	21.79%
Receivables	27.18	30.59	15.09
Inventories	6.39	10.56	2.45
Other current assets	3.22	1.06	1.51
TOTAL CURRENT ASSETS	51.54	65.83	40.84
FIXED ASSETS			
Real estate	4.56	0.42	25.96
Less: Accumulated depreciation	0.37	0.00	0.61
	4.19	0.42	25.35
Machinery and equipment	76.45	67.34	94.14
Less: Accumulated depreciation	43.50	42.10	71.95
	32.95	25.24	22.19
Other fixed assets	13.54	10.40	11.32
Less: Accumulated depreciation	6.25	6.38	5.43
	7.29	4.02	5.89
NET FIXED ASSETS	44.43	29.68	53.43
OTHER ASSETS	4.03	4.49	5.73
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.42	3.58	12.76
Accounts payable	9.98	9.15	11.26
Other current liabilities	7.13	7.87	4.89
TOTAL CURRENT LIABILITIES	27.53	20.60	28.91
LONG-TERM LIABILITIES	36.00	20.73	40.51
TOTAL LIABILITIES	63.53	41.33	69.42
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.47	58.67	30.58
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.87	3.20	1.41
QUICK RATIO	1.64	2.68	1.33
TOTAL LIABILITIES TO EQUITY	1.74	0.70	2.27
LONG-TERM LIABILITIES TO EQUITY	0.99	0.35	1.32
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.57	0.63	0.76

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
10.31%	16.67%	27.94%	17.53%
28.32	27.19	25.63	40.76
6.36	8.97	11.81	5.05
2.59	3.19	0.45	1.11
47.58	56.02	65.83	64.45
1.97	0.30	0.70	0.00
0.73	0.00	0.00	0.00
1.24	0.30	0.70	0.00
73.62	78.83	74.33	51.63
36.23	44.26	44.80	25.68
37.39	34.57	29.53	25.95
17.78	7.75	4.31	17.27
7.66	3.89	2.35	8.37
10.12	3.86	1.96	8.90
48.75	38.73	32.19	34.85
3.67	5.25	1.98	0.70
100.00	100.00	100.00	100.00
9.54	12.05	3.83	4.20
7.89	12.06	8.76	9.29
4.60	8.76	6.66	17.54
22.03	32.87	19.25	31.03
50.09	25.27	14.39	17.19
72.12	58.14	33.64	48.22
27.88	41.86	66.36	51.78
100.00	100.00	100.00	100.00

2.16	1.70	3.42	2.08
1.87	1.43	2.81	1.91
2.59	1.39	0.51	0.93
1.80	0.60	0.22	0.33
0.49	0.56	0.60	0.50

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 22,431	$ 22,434	$ 32,462
Average assets per factory employee (Excluding Executives)	35,905	35,649	38,385
Average net worth per employee - All employees	8,801	14,235	12,348
Average gross plant investment per factory employee (Excluding Executives)	33,362	26,421	48,691
Net worth percentage of fixed assets	109.45%	247.55%	60.38%
EMPLOYEES			
Percent factory - All employees	71.24%	74.35%	83.33%
Percent administrative - All employees	17.59	14.78	10.67
Percent sales - All employees	11.17	10.87	6.00
SALES - VALUE OF PRODUCT PRODUCED			
INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 55,790	$ 59,748	$ 52,201
Sales per factory employee	82,629	81,942	62,515
Sales less material per factory employee	57,193	55,881	43,161
Sales per administrative employee	388,239	444,822	202,676
EXCLUDING EXECUTIVES			
Sales per employee - All employees	71,600	69,874	72,503
Sales per factory employee	91,308	91,848	77,544
Sales less material per factory employee	63,254	62,581	54,072
SALES PER SALESMAN	212,476	363,667	0
SALES TO CURRENT ASSETS	602%	473%	714%
PAYROLL - INCLUDING TAXES AND BENEFITS			
INCLUDING EXECUTIVES			
Total payroll percentage of sales	36.01%	34.31%	35.59%
Factory payroll percentage of gross plant investment	98.21	108.91	65.48
Payroll per employee - All employees	$ 20,057	$ 20,410	$ 17,684
Payroll per factory employee	18,154	18,389	16,651
Payroll per administrative employee	31,825	33,866	16,038
Payroll per sales employee	17,176	20,015	8,338
PAYROLL - EXCLUDING TAXES AND BENEFITS			
EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 14,640	$ 14,477	$ 13,063
Payroll per factory employee	14,486	14,814	13,213
Payroll per administrative employee	9,640	12,824	3,120
Payroll per sales employee	12,143	12,657	3,120
EXECUTIVE PAYROLL			
Payroll per executive - All executives	31,041	32,121	15,111
Payroll per factory executive	20,229	19,149	13,933
Payroll per administrative executive	37,419	55,284	16,288
Payroll per sales executive	22,307	42,250	9,489
RECEIVABLES			
Collection period	36.5	41.4	22.8
PROFIT			
Gross profit percentage of sales	29.53%	30.79%	26.86%
Average gross profit per factory employee	$ 28,008	$ 29,099	$ 21,317
Income before taxes percentage of sales	5.58%	13.58%	3.68%
Average income before taxes per employee	$ 3,250	$ 8,168	$ 2,032

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 20,016	$ 22,769	$ 26,260	$ 18,754
36,656	36,389	44,592	26,573
5,956	10,143	17,920	10,017
34,386	29,660	34,821	17,344
58.69%	144.95%	243.00%	251.36%
66.34%	72.56%	69.22%	81.68%
23.36	15.54	16.46	10.56
10.30	11.90	14.32	7.76
$ 54,467	$ 58,471	$ 62,400	$ 56,217
88,562	81,567	91,158	68,905
61,234	52,477	59,128	55,454
420,253	391,178	380,979	582,650
74,307	71,018	75,875	66,693
92,895	93,140	104,093	79,656
64,271	60,039	67,431	64,111
0	185,833	233,333	347,000
631%	547%	395%	515%
36.94%	33.14%	30.76%	41.66%
86.42	115.00	68.04	158.61
$ 20,475	$ 19,296	$ 19,131	$ 23,521
19,306	17,362	18,083	17,936
34,862	27,208	25,912	56,771
10,635	21,243	16,878	42,493
$ 15,193	$ 14,467	$ 14,040	$ 14,651
15,644	13,842	14,752	13,119
3,088	15,728	11,501	18,984
5,548	18,167	12,567	29,943
30,360	28,586	30,583	51,089
20,266	23,385	21,987	28,592
30,124	32,179	40,501	104,667
16,000	17,390	13,670	95,121
38.1	37.5	39.5	51.3
28.28%	28.56%	31.43%	32.24%
$ 27,140	$ 27,276	$ 33,116	$ 26,131
3.82%	7.65%	14.60%	8.89%
$ 2,001	$ 4,769	$ 9,118	$ 5,176

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
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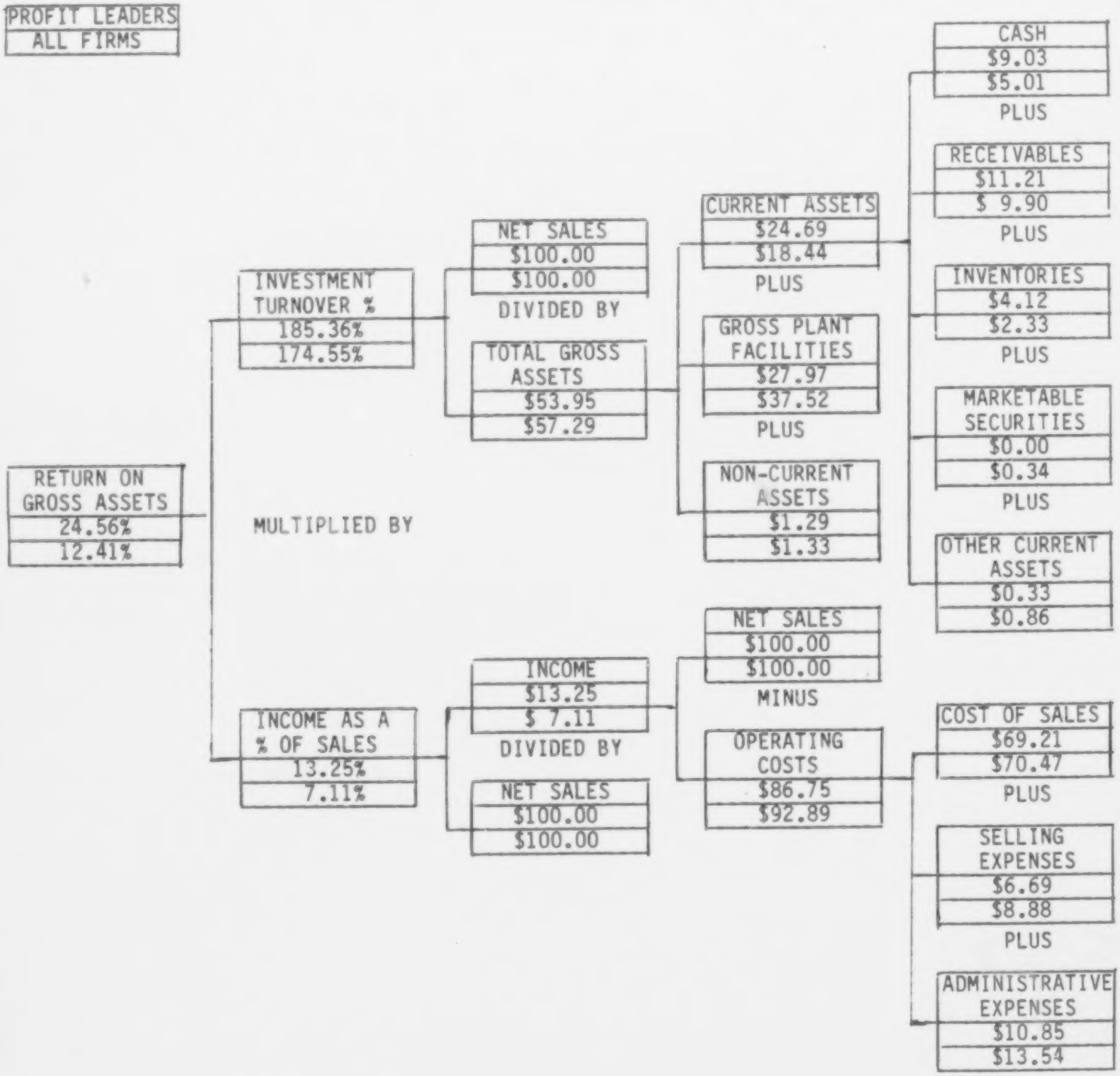
38.1	37.5	39.5	51.3
28.28%	28.56%	31.43%	32.24%
$ 27,140	$ 27,276	$ 33,116	$ 26,131
3.82%	7.65%	14.60%	8.89%
$ 2,001	$ 4,769	$ 9,118	$ 5,176

RETURN ON INVESTMENT (ROI) CHART - ALL FIRMS REPORTING

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES


PROFIT LEADERS
ALL FIRMS
RETURN ON GROSS ASSETS
24.56%
12.41%
INVESTMENT TURNOVER %
185.36%
174.55%
MULTIPLIED BY
INCOME AS A % OF SALES
13.25%
7.11%
NET SALES
$100.00
$100.00
DIVIDED BY
TOTAL GROSS ASSETS
$53.95
$57.29
INCOME
$13.25
$ 7.11
DIVIDED BY
NET SALES
$100.00
$100.00
CURRENT ASSETS
$24.69
$18.44
PLUS
GROSS PLANT FACILITIES
$27.97
$37.52
PLUS
NON-CURRENT ASSETS
$1.29
$1.33
NET SALES
$100.00
$100.00
MINUS
OPERATING COSTS
$86.75
$92.89
CASH
$9.03
$5.01
PLUS
RECEIVABLES
$11.21
$ 9.90
PLUS
INVENTORIES
$4.12
$2.33
PLUS
MARKETABLE SECURITIES
$0.00
$0.34
PLUS
OTHER CURRENT ASSETS
$0.33
$0.86
COST OF SALES
$69.21
$70.47
PLUS
SELLING EXPENSES
$6.69
$8.88
PLUS
ADMINISTRATIVE EXPENSES
$10.85
$13.54

RETURN ON INVESTMENT - PER $100 OF SALES

	SALES TO $250,000**	SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT					
Current Assets:					
Cash	$ 5.45	$ 3.54	$ 6.55	$11.41	$ 5.87
Receivables	6.24	10.28	10.23	10.82	13.61
Inventories	1.15	1.96	3.67	5.29	1.68
Marketable securities	0.00	0.00	0.42	0.00	0.00
Other current assets	1.51	0.71	0.91	0.17	0.37
	14.35	16.49	21.78	27.69	21.53
Plant Investment:					
Land and building	30.05	1.13	0.11	0.26	0.00
Machinery and equipment	32.97	28.15	29.33	30.85	17.15
Other fixed assets	5.69	5.58	3.20	1.70	5.74
	68.71	34.86	32.64	32.81	22.89
Non-Current Assets	1.48	1.18	1.95	0.75	0.23
TOTAL INVESTMENT	84.54	52.53	56.37	61.25	44.65
INVESTMENT TURNOVER PER $100 OF SALES	118.29%	190.37%	177.40%	163.27%	223.96%
EARNINGS					
Cost of Product	$73.14	$71.72	$71.44	$68.57	$67.76
Selling Expenses	9.93	8.89	6.87	5.97	8.98
Administrative Expenses	9.32	14.56	12.46	11.42	14.05
	92.39	95.17	90.77	85.96	90.79
Income Before Interest, Other Income and Taxes	7.61	4.83	9.23	14.04	9.21
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.00%	9.19%	16.37%	22.92%	20.63%

** Sample insufficient for Profit Leaders.

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	21	$440,000	$1,246,000	$ 99,000
TOTAL - PROFIT LEADERS*	5	846,000	2,413,000	309,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	3	112,000	218,000	8,000
$250,000-$500,000	8	128,000	358,000	13,000
$500,000-$1,500,000	7	397,000	1,014,000	76,000
$5,000,000-$10,000,000	2	2,269,000	6,795,000	667,000
PROFIT LEADERS				
$500,000-$1,500,000	3	425,000	1,063,000	148,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales Firm's Ratio Factory Payroll	PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

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* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.

** Unlike the ratios shown in this book, these figures are arithmetic averages.

BASIC GUIDE TO USING YOUR QUICK PRINTERS' RATIO STUDY

You have to know where you stand to make accurate decisions concerning your future. This guide to the ratio study, provided by the American Quick Printing Association, will give you a brief explanation of the purpose of the ratio study and a basic procedure to use to assess information about your shop.

The PURPOSE of the Quick Printers' Ratio Study is to serve as a guide to problem areas in your shop which can inhibit your growth and profitability. The study pinpoints:

- Where other quick printers of your sales volume are financially.
- Profit leaders in your sales volume.
- Problem areas, specifically from paper costs to getting a return on your investment.
- Significant facts expressed both in dollar amounts and percentages that pinpoint areas that need your attention.

WHY RATIOS? The Report on Operations and the Supporting Schedules are presented in percentage form based on sales while the Balance Sheet is presented in percentage form based on total assets as a base of 100%. Therefore, convert your statements to percentages of your sales volume or total assets to make specific comparisons. The PIA Ratio Study Program utilizes percentages because dollar amounts can vary for each quick printing shop, but percentages using sales volume or total assets as a base of 100% provide a common denominator for more accurate comparison.

THE BASIC PROCEDURE to use the Quick Printers' Ratio Study is to prepare your Statement of Operations and Balance Sheet, based on percentages. You can do this, one item at a time comparing each item as you progress...or convert your information at one time, then compare taking special note of problem areas. If you participated in the study, it is a good idea to get your copy of your input and the Chart of Accounts provided by PIA to refresh your understanding of the data.

Compare your percentages to the profit leaders in your sales volume category. If you see a large discrepancey in a particular area, multiply and convert the figures back to dollars, using your sales volume as a base, to get the actual cost of this problem area to your shop. By using this comparison, the study can give you specific direction as to where you can increase your current profits by focusing more effective management controls on areas that are not pulling their weight in your operation.

You now have a standard to investigate and improve your operation. Now that you are familiar with the use of this study, as you participate each year, make it a habit to thoroughly check your shop at least yearly to see how you measure with your peers in each of the categories.

KEEP IN MIND in working with this data, that when you participate, your firm's individual ratios are computed, then combined with individual ratios of other similar firms, rather than being based on a total dollar sum percentage for a group of companies. The result is a more representative ratio of the quick printing industry on a "common size basis"...where your shop is directly reflected and also used to evaluate other operations. A more specific guide, going step-by-step through a sample firm evaluation, is available in the first volume of the PIA Ratio Studies.